FINANCIAL TIMES

Europe's Business Newspaper — WEDNESDAY JANUARY 5 1994

Yeltsin decree as risks grow for Russian investors

Russian President Boris Yeltsin published a decree aiming to conclude a voucher privatisation programme by July, amid increasing fears over the adequacy of protection for small investors. In what one investment fund manager predicted would turn into a "series of loud scandals over the next six months", Russian citizens face growing risks on the country's weakly regulated financial markets. Page 12

Israeli-PLO stalemate: Israeli-Palestinian peace talks have slumped into a dangerous stalemate. The two sides are so far apart that they are only communicating intermittently by telephone and fax. Page 12

Metals group's plan: The new management at Metallgesellschaft, financially stricken metals and engineering conglomerate, is to outline its survival plans today to its creditor banks. Page 13

New evidence expected in VW case

Fresh evidence on events surrounding the controversial defection of General Motors executives to Volkswagen last March is expected to be aired in a Frankfurt court today. Lawyers for Adam Opel, the US group's German subsidiary, may support their case with hitherto confidential information about allegations of theft of documents and industrial espionage against Mr José Ignacio López de Arriortúa (above) and three of those who followed him to the German vehicle maker. Page 2

Help for Hosokawa: The political hand of Japanese prime minister Morihiro Hosokawa was strengthened by the formation of a small political party pledged to help his coalition. Five rebel members of the lower house created the new grouping. Page 3

Property bank rescue: Le Comptoir des Entrepreneurs, the French property bank, has reached agreement with its principal shareholders on a rescue plan which involves the sale of FFr9bn ($1.5bn) worth of credits and non-performing assets to a newly-created company. Page 13

Lithuania applies to Nato: Lithuania became the first former Soviet republic to apply to join Nato, accentuating the alliance's sensitive dilemma over whether and when to accept new members. Page 2

US buys more steel: American steel companies, buoyed by the economic recovery, have been importing large amounts of European steel to meet rising demand from the motor industry and other prospering sectors. Page 4

Britain expels envoy: Britain has given Sudan's ambassador 14 days to leave the country in retaliation for Khartoum's expulsion of the British ambassador in a row over a visit to southern Sudan by the Archbishop of Canterbury. Page 3

German output down: Western German industrial output fell by an unexpectedly sharp 2.1 per cent in the month to the end of November and was 4.5 per cent down on the same period a year earlier. Page 2

Storm hits commuters: A fierce winter storm stopped traffic, shut rail lines, affected flights and dumped heavy snow across the north-eastern US. New York commuters were hit by delays and flights were cancelled or delayed at Boston and Philadelphia. Weather guide, Page 12

Williams purchase: Williams Holdings boosted its presence in the US security market with the $80m purchase of locks manufacturer Corbin & Russwin. The deal will propel the group into the number two position for commercial locks in the US, after Ingersoll Rand. Page 13; Lex, Page 12

French car sales fall: French car sales fell by 18.3 per cent last year to 1.72m, the lowest annual figure since 1975, providing further evidence of the continuing depressed state of the French car market. Page 2

The UK stock market tables in this edition are the first to use the revised FT-SE Actuaries classification of industry sectors. A complete alphabetical guide to where companies fall in the new classification was published in yesterday's FT. Details, Pages 18; London shares, Pages 22, 23

■ STOCK MARKET INDICES		
FT-SE 100:	3,408.5	(-9.9)
Yield	3.45	
FT-SE Eurotrack 100	1,479.29	(45.93)
FT-A All-Share	1,679.71	(-0.1%)
Nikkei	17,369.74	(-47.50)
New York lunchtime:		
Dow Jones Ind Ave	3,770.39	(+13.79)
S&P Composite	466.39	(+0.95)
■ US LUNCHTIME RATES		
Federal Funds:	3⅛%	
3-mo Treas Bills: Yld	3.127%	
Long Bond	98⅜	
Yield	6.374%	
■ LONDON MONEY		
3-mo interbank	5⅞%	(same)
Little long gilt future	Mar 119⅝	(Mar 120⅜)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Feb)	$13.57	(13.255)
■ Gold		
New York Comex (Feb)	$395.1	(391.9)
London	$394.25	(390.75)

■ STERLING		
New York lunchtime:		
$	1.48405	
London:		
$	1.4819	(1.4795)
DM	2.5782	(2.5692)
FFr	8.7549	(8.7357)
SFr	2.2021	(2.1971)
Y	167.679	(165.12)
£ Index	82.1	(81.3)
■ DOLLAR		
New York lunchtime:		
DM	1.738	
FFr	5.90575	
SFr	1.487	
Y	112.775	
London:		
DM	1.7398	(1.7365)
FFr	5.9081	(5.9045)
SFr	1.4861	(1.485)
Y	113.155	(111.605)
$ Index	67.8	(67.7)
Tokyo close Y 113.27		

Austria	Sch35	Greece	Dr350	Lux	LFr65	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30		
Bulgaria	Lw85.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL60		
Cyprus	CC1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00		
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225		
Denmark	DKr18	Italy	L3000	Oman	OR1.50	Sweden	SKr16		
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30		
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00		
France	FFr9.00	Kuwait	Fils625	Poland	Zl 32,000	Tunisia	Din1.500		
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L10000	UAE	Dh12.00

MCI plans $2bn assault on US local phone markets

By Martin Dickson in New York

MCI Communications, the innovative US long-distance telephone company, yesterday announced a $2bn initiative to compete with America's Baby Bell local phone companies.

It also unveiled an intensified programme of investment in its own information "super-highway", a network for transmitting huge amounts of data at high speed. The company said that it and various "associated partners" were expected to invest more than $20bn over the next six years to deliver new long-distance and local communications to business, homes and research institutions, under a new brand name: networkMCI.

MCI played the central role in forcing competition into the US long-distance telephone market in the 1970s and 1980s. Until recently Baby Bells have enjoyed virtual monopolies. Yesterday's announcement was the clearest indication so far of MCI's long-range strategy in America's information revolution, which is blurring the boundaries between the telecommunications, computer and television industries – as well as the regulatory and legal divisions between long-distance and local telephone companies.

Even so, the company left uncertain many important details of its plan – including the names of its potential partners and just how much they would contribute to the $20bn expenditure figure. Mr Bert Roberts, the chairman, noted that last summer's global alliance with British Telecommunications, which is investing $4.3bn in MCI in return for a 20 per cent stake in the company, had given MCI added flexibility in financing its capital spending programme. The most dramatic element of MCI's strategy is its plan to compete against the local telephone companies, as one of a number of so-called Competitive Access Providers (CAPs), which operate efficient fibre optic networks in big cities, creaming off particularly profitable business customers by offering cheaper rates for bulk traffic.

MCI already owns a subsidiary, acquired in 1990 from Western Union, which has telecommunications access to over 2,000 office buildings in US cities.

It is to give this business – renamed MCI Metro – a big boost by investing $2bn in fibre optic cable rings and modern traffic switching facilities, initially in 20 leading metropolitan areas. By sharply increasing its presence in the local market, MCI will reduce the huge "access fees" it must pay local telephone companies to carry long-distance traffic the last few miles to customers.

MCI also announced it had now deployed a key ingredient of modern communications networks – high-speed SONET transmission technology – in half its system, substantially more than its long distance rivals.

Lex, Page 12

Owen claims Croat army is already in Bosnia

By Anthony Robinson, East Europe Editor, in London

Lord Owen, the European Union's mediator in former Yugoslavia, accuses the Croatian government today of sending its army into Bosnia and argues that the world should respond to the deployment "with considerable strength of purpose".

Joining Croat and Bosnian government negotiators in Vienna yesterday to continue the search for a territorial compromise in Bosnia, Lord Owen accused the warring parties of ignoring the United Nations and turning a blind eye to ceasefire agreements.

In a British television interview to be broadcast tonight, he says a "very substantial" element of the Croatian army is already operating in Bosnia-Herzegovina.

He suggests that the international community should react to that no less strongly than it did to the Serbian military intervention in Bosnia in the spring of 1992.

Undeclared military help for the Bosnian Serbs from Serb forces helped the Bosnian Serbs to gain control of nearly 70 per cent of the ethnically complex republic after Bosnia-Herzegovina's declaration of independence. Such covert military and political intervention led to the imposition of UN sanctions against Serbia.

Thus far, however, the west has largely ignored a similar build-up by Croat forces over the last six months, Lord Owen argues. The programme concentrates on the role played by the Croatian government led by President Franjo Tudjman in helping Bosnian Croats carve out their own ethnic mini-state of Herceg-Bosna.

Covert intervention by both the Serb and Croat governments led to increased pressure from both sides on Bosnia's Slavic Moslem community. But the Bosnian Moslems' determination to fight for land and access to the outside world, and their ability to obtain and manufacture weapons despite the formal arms embargo, has extended the fighting into areas largely populated by Croats.

That has led to increased fighting between Moslem and Croat forces who in the early stages of the war in Bosnia often allied with the Moslems against Serbs as the common enemy.

The Vienna talks – between delegations headed by Mr Haris Siladzic, the Bosnian prime minister, and Mr Mate Granic, the Croat foreign minister – are another attempt to work out a territorial deal that which would leave the Moslems with access to the sea and avoid the mass expulsion of ethnic Croats from areas now threatened by Moslem forces.

The talks are being held for the first time under the auspices of a European Union now led by Greece. Athens is still smarting from the recognition of the former Yugoslav republic of Macedonia by other EU members, and is traditionally pro-Serb in outlook.

But Athens now "places top priority on solving the Bosnian conflict", Mr Theodoros Pangalos, the Greek foreign minister, said in a French press interview yesterday.

Bishop Istrinskyi Arseny (right) blesses the office of Russian prime minister Victor Chernomyrdin (centre) in the rebuilt White House

Associated Press

French car sales fall to 18-year low of 1.7m

By John Ridding in Paris

The depressed state of the French car market was demonstrated in statistics yesterday which showed that car sales fell by 18.3 per cent to 1.72m last year, the lowest annual figure since 1975.

The figures from the CCFA, the French carmakers' committee, showed a particularly sharp fall in December. Car sales last month totalled 152,000, a fall of 31 per cent compared with the same period in 1992.

Industry analysts in Paris said December's decline was exaggerated by artificially high sales at the end of 1992, the result of a rush by consumers to beat the expiry of tax incentives for low-pollution models. Excluding such factors, the decline in the month's sales was estimated at about 18 per cent.

But the figures for December demonstrated the continued weakness of the car market. "The impact of recession and depressed demand is very clear," one industry analyst said. "Cars, more than other consumer products, continue to suffer from a lack of economic confidence."

French manufacturers had, however, some cause for comfort. The combined sales of the French car companies represented 60.3 per cent of the market, an increase of 0.5 per cent compared with 1992.

Renault, the state-owned group, limited its fall in sales to 15.1 per cent, partly reflecting the successful introduction of models such as the small Twingo. Citroën sales fell by 16 per cent. Peugeot, however, its partner in the PSA Peugeot-Citroën group, suffered a fall of 22.6 per cent.

Most industry executives expect some recovery in the market this year, although they emphasise the slow pace of revival and the continued high level of competition. Mr Jacques Calvet, chairman of PSA Peugeot-Citroën, forecast total car sales in France would rise to about 1.85m units in 1994.

Poised for a pick-up, Page 10

Asian shares maintain pace

By Michael Morgan and Philip Coggan in London

Asian stock markets kept up their record-setting pace yesterday as Japanese fund managers, on holiday on Monday, returned to compete with their US counterparts in fuelling the advance.

Records were set in nine centres. Bangkok, closed on Monday, led with a 4.2 per cent rise as it caught up with the rest of the region in near-record turnover.

Hong Kong's Hang Seng index rose more than 500 points at one stage before profit-taking trimmed the advance, leaving the index 114.60 higher at 12,201.09.

Highs were also seen in Singapore, Manila, Australia, Jakarta, Kuala Lumpur, Bombay and Karachi, which scored its largest ever one-day rise. Tokyo, however, made an uncertain start to its trading year, and investors are expected to remain wary until the government passes its political reform bill and announces details of a new fiscal package at the end of this month. The Nikkei average fell 47.50 to 17,369.74.

In Europe, Nordic markets surged with Helsinki adding 4.1 per cent to a record high as falling interest rates persuaded investors to switch from bonds to stocks.

Norway jumped 2.1 per cent to a new peak, and records were also set on the Stockholm and Copenhagen stock markets.

In London the money supply figures, measured by M0, the most narrow definition of the money supply, rose by a seasonally adjusted 5.8 per cent in the year to December.

The news did little to help sentiment in the UK government bond market, where long gilt prices fell by 1¼ points. Analysts felt the apparent buoyancy of the consumer sector may have damped hopes of an early cut in UK interest rates.

The FT-SE 100 share index, down 38 points at one stage, rallied in the afternoon to close 9.9 points lower at 3,408.5.

Market reports, Section II

Bank of America settles UK claim

By Norma Cohen in London

Bank of America yesterday became the first financial institution to settle claims stemming from the diversion of more than £440m ($651m) from pension schemes controlled by the late Robert Maxwell, raising expectations that others will follow.

The San Francisco-based bank said it had agreed to pay £26m, while not admitting any liability, into the Mirror Group Pension Scheme to settle claims stemming from its role as a custodian of pension scheme assets.

"This has thrown the situation into a new realm where it may be possible to talk about a settlement", said an official at one investment bank alleged to have helped divert pension scheme assets.

After receiving a writ in June 1992, Bank of America had approached the pension fund trustees about six months ago directly to discuss a settlement.

The writ alleged that Bank of America, which simply acted as a safekeeper for a portfolio of securities, passed them to Credit Suisse on the instructions of individuals who were not authorised to give such instructions.

The securities were later used as collateral for a loan to Mr Robert Maxwell's private interests, the writ alleged.

Mr Tom Brooks, Bank of America's assistant general counsel, said: "We view this settlement as an appropriate means of contributing to the restoration of the pension funds without the delay and uncertainty to pensioners and the bank of lengthy court proceedings, and of putting this claim by the trustees behind us."

The Mirror Group Pension Trustees had sought £38m from Bank of America and Credit Suisse jointly in a writ filed in June 1992. That case is scheduled to come to court in October and the

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W German production drops sharply

By Christopher Parkes in Frankfurt

West German industrial output fell by an unexpectedly sharp 2.1 per cent in November, and was 4.5 per cent down on the same period a year earlier, the Economics Ministry reported yesterday.

The ministry put part of the blame on bad weather and snow. However, the figures have raised doubts about the economy's recovery.

Nonetheless, economists said that while the weather-induced downturn could not be discounted, rising orders and confidence in many industrial sectors still suggested that the recession had bottomed out.

Construction work dropped 6.5 per cent, while gas and electricity production rose about 1 per cent.

A two-month comparison, favoured by the ministry because it reduces the impact of short-term influences, showed total production in October and November down 1.5 per cent on August and September, and 4.5 per cent lower than in the comparable period in 1992. Within the overall two-month figure, capital goods output was down 3 per cent on the previous two months and 9 per cent lower than a year earlier.

Raw materials production was unchanged compared with August and September and was up 1 per cent on October and November 1992.

Demand for housing is particularly strong, and with falling interest rates expected to continue bolstering order books, construction output is forecast to rebound after the winter.

However, prospects for domestic demand in other sectors remain dim, especially among automotive and investment goods manufacturers. Their expectations have been reduced by falling real incomes and under-use of existing plant capacity, although rising productivity and competitiveness – thanks to payroll cuts – have raised hopes of a better export performance this year.

● A further sharp increase in German corporate insolvencies will take the total to 19,000 this year compared with 15,000 collapses in 1993, according to the Burgel credit inquiry agency.

Opel airs more VW evidence

By Christopher Parkes

Fresh evidence on the events surrounding the controversial defection of General Motors executives to Volkswagen last March is expected to be aired in a Frankfurt court today.

The civil hearing represents a renewed attempt by Adam Opel, the US group's German subsidiary, to have seven former GM employees suspended from their present jobs at VW on the grounds that Volkswagen used anti-competitive methods to lure them away.

Opel lawyers are likely to try to support their case with hitherto confidential information in the files of criminal prosecutors investigating allegations of theft of documents and industrial espionage against Mr José Ignacio López de Arriortúa, and three of those who followed him to VW.

Two previous attempts to have the men suspended failed in summary hearings at which no evidence was heard in public. One bid to win a temporary injunction early last year was rejected on the grounds that Mr López's "charisma" had drawn his seven colleagues in his wake. An appeal against that ruling failed on a technicality last month.

Mr Horst Borghs, an Opel board member, said at the time he expected a different result after today's hearing.

Although the criminal investigation and today's civil case are formally separate issues, both revolve around GM's fundamental claims of concerted attempts to undermine its German business.

Opel also appears intent on pursuing all legal avenues partly to keep the issues in the public eye until the completion of criminal investigations, started in Germany last May and in the US during July.

The German probe is bogged down by a meticulous investigation of computerised data seized last summer in a raid on VW headquarters and the homes of Mr López and his colleagues.

Opel won the first significant round in the protracted controversy last April when a court barred VW from any further attempts "systematically" to poach GM staff. Opel had sought the temporary injunction on the grounds that approaches to some 40 staff constituted an attempt to damage its business.

In that case Opel presented affidavits from around 20 senior employees, mainly in key component purchasing and production departments, who said they had been approached by Mr López and others. Some were allegedly offered double their salaries to change sides.

Ciampi continues consultations ahead of no-confidence debate

Italian PM seeks negotiated future

By Haig Simonian in Milan

Italy's prime minister, Mr Carlo Azeglio Ciampi, today holds a second round of talks with political leaders which may determine the fate of his eight-month-old government.

The discussions come before a vote of no-confidence next week which has divided members of the four parties supporting the government.

Today's talks follow inconclusive discussions yesterday with leaders of the majority Christian Democrats and opposition parties to sound out parliamentary opinion.

Prices on the Milan stock market fell by 1.74 per cent yesterday as a result of the political uncertainty, although the lira gained ground.

Next week's no-confidence vote should be the last hurdle before President Oscar Luigi Scalfaro calls new elections to replace the present parliament, which has been largely discredited by the long-running political corruption scandal.

Although an announcement on new polls had been expected in the president's end-of-year address to the nation, a decision was postponed after the no-confidence vote was tabled last month. According to political leaders, an election announcement prior to the debate would have been premature.

The holiday period and the prime minister's international commitments mean the debate will not start until January 12, and could last some time. In the meantime, speculation has been mounting over Mr Ciampi's intentions, amid suggestions he could resign during or immediately after the parliamentary discussions.

Matters are complicated by the sharp divisions in parliament regarding the timing of new elections. Parties expecting to perform strongly, such as the Democratic Party of the Left (PDS), the Northern League and the neo-fascist MSI, have been pressing for an early decision on new polls as the existing legislature was no longer representative of public opinion.

Mr Achille Ochetto, the PDS leader, said yesterday: "The government's political period is over, in that this parliament is over. In our opinion any moment after January 12 is good for the president to dissolve parliament." By contrast, many members of the four-party coalition notionally supporting Mr Ciampi would like to postpone the election as long as possible. Some Christian Democrats have even suggested it should be put back from mid-March, as widely expected, to June, when it could coincide with European parliamentary elections.

A third camp, largely behind the no-confidence vote, would like to see Mr Ciampi remain as prime minister, but preferably with broader parliamentary support. A new lease of life for Mr Ciampi, who has been placed in an awkward position by the manoeuvrings, could postpone the polls long enough to give the divided centre more time to regroup and fend off challenges from the PDS and the League.

Lithuania applies to join ranks of Nato

By David White and agencies

Lithuania yesterday became the first former Soviet republic to apply to join Nato, accentuating the alliance's sensitive dilemma over whether and when to accept new members.

President Algirdas Brazauskas said in a televised address that he had written to the Nato secretary-general, Mr Manfred Wörner, formally presenting Lithuania's membership application.

Mr Brazauskas's statement comes at an embarrassing time for Nato, just ahead of the organisation's summit in Brussels next week.

Allied leaders are looking for a way to provide former Warsaw Pact countries which have already applied for membership – such as Poland and the Czech Republic – with a clear prospect of one day joining Nato without antagonising Russia, or providing fuel to extreme nationalist opponents of President Boris Yeltsin.

Estonia and Latvia are also regarded as potential long-term candidates for Nato membership. Although Russian troops were withdrawn from Lithuania last September, they remain in the two other Baltic states.

Russian oil output set to fall

By Leyla Boulton in Moscow

Oil output is expected to continue falling this year in Russia but more slowly than last year, while debts between state-owned enterprises will remain a problem for years, according to the economics ministry's forecast for the year ahead.

It expects gross domestic product to fall just 5 per cent this year compared with 12 per cent in 1993, and industrial production to decline by 6 per cent compared to 16 per cent last year.

Goods traffic is forecast to decline by only 6 per cent against 29 per cent last year. Oil and gas condensate production, an important source of hard currency for the country, would total 327m tonnes compared to 354m tonnes last year.

The ministry is also predicting an increase in unemployment from its present level of around 1 per cent to 5 per cent of the population next year.

The forecast, assuming roughly similar policies to those pursued last year, with a few improvements such as an end to free loans to other former Soviet republics, clings to the government's goal of driving inflation down to 5 per cent a month by the end of 1994. This compares to 15 per cent last month.

The ministry expects the budget deficit will not exceed 6 per cent of gross domestic product next year – close to the 5 per cent target which the government has set itself ever since the launch of radical reforms in January 1992.

However, the report, which does not explore the implications of the successes of ultra-nationalists and Communists in last month's parliamentary elections, also points out that achievement of the government's goals depends on its improved performance – including the more effective use of state funds for investment in industry, and improved tax collection.

Associated Press

Senior Russian journalists held a press conference in Moscow yesterday at which they threatened to keep newspapers off the streets for a week starting with the opening of the new parliament next Tuesday. Their action is in protest at a decision by state-owned printers to increase prices sixfold. The printers blame a government re-evaluation of their assets and increased depreciation charges.

OBITUARY: PIERRE-PAUL SCHWEITZER

Frenchman who helped transform IMF

Mr Pierre-Paul Schweitzer, managing director of the International Monetary Fund from 1963 to 1973 and the first of three Frenchmen to put their distinctive stamp on the institution, has died at the age of 81.

In a statement yesterday, Mr Michel Camdessus, the current managing director, paid tribute to Mr Schweitzer's "leadership and foresight and his spirit of innovation at a time when the international monetary system and the IMF itself had to undergo profound transformations".

The most obvious legacy of Mr Schweitzer's term was the creation of IMF special drawing rights (SDRs), designed as an international reserve asset to meet the exigencies of the growing instability of the US dollar in the late 1960s.

In the event, concern about the US deficit did not abate and the Nixon administration was first, in August 1971, forced to close the official gold window and impose an import surcharge and domestic wage and price controls. In December, the Smithsonian agreement heralded the beginning of the end of the fixed exchange rate system by realigning currencies and increasing the official price of gold to $38 an ounce.

Mr Schweitzer, deeply involved in all these negotiations, also presided over a great expansion of the IMF's membership and, therefore, of its influence over national economic policies through the conditions it imposed for making available financial assistance.

Mr Schweitzer was born in Strasbourg to a distinguished family; his uncle, Albert Schweitzer, was a Nobel Peace Prize winner. He joined the French inspectorate of finance before the war, fought in the Resistance and was interned at the Buchenwald concentration camp. Before moving to the IMF, he served as director of the French treasury and as deputy governor of the Bank of France.

After his IMF tenure, he served as chairman of Petrofigaz, the state energy concern, and on several company boards, among them Unilever and Robeco. His son, Mr Louis Schweitzer, is currently president of Renault.

Jurek Martin

In search of lasting cure for ailing health systems

John Willman and Alan Pike review the problems and reforms in care regimes across the world's wealthier countries

Across the advanced capitalist economies, governments are struggling to control the rising costs of healthcare. Average health expenditure in the member countries of the Organisation for Economic Co-operation and Development has risen from 3.9 per cent of gross domestic product in 1960 to 7.8 per cent in 1990.

The main drivers of medical cost inflation over this period have been three-fold, according to the OECD:

● The extension of healthcare to whole populations with the provision of universal coverage.

● The increasing generosity of healthcare systems, which expanded to include dental benefits, recuperative treatment and new medical techniques such as grafting and transplants.

● Rising costs, such as the salaries of doctors and nurses.

There are, of course, considerable variations between the experience of different countries. Growth in healthcare costs have been much higher than average over this period in the US, and lower than average in the UK.

But overall, there is a close relationship between a country's health expenditure per capita and overall income per capita. Healthcare is a merit good, in economists' terms: as people become wealthier, they wish to spend more on health.

The good news for policymakers is that there is growing evidence that the growth in healthcare costs can be contained. Reforms in several European countries appear to have been successful in improving the quality of healthcare while controlling costs.

More interesting, the means adopted to achieve this have been very similar, despite considerable differences between the health systems in these countries. The key to containing healthcare costs appears to lie in what health economists describe as "managed competition".

This aims to introduce market-type incentives to raise efficiency, through greater competition among hospitals, doctors and other health organisations. At the same time, health remains largely publicly funded, allowing the government to regulate competition to ensure equity among all citizens.

Typical features of managed competition include:

● Separating the financing of healthcare from delivery – the "purchaser/provider split" at the centre of the UK health reforms.

● Strengthening the role of family doctors in controlling access to treatment in hospitals and in providing more treatment without involving hospitals – an important tool in rationing healthcare in President Bill Clinton's plans for US healthcare reform.

● Contracts for the provision of healthcare rather than paying fees for each service, which leads to "over-treatment" – Germany and France have both moved towards this.

Healthcare is a 'merit good': as people become wealthier, they wish to spend more on health

Many countries are looking to provide greater incentives for efficiency in their health services, especially where treatment is currently free at the point of use. Payments by patients, for example, are on the agenda in countries such as the US to encourage them to behave more like consumers in balancing demand against cost.

In the Netherlands, the current reform plans will offer citizens a choice of insurance funds, all offering a basic healthcare package but charging different premiums according to the quality of service and additional benefits.

Even if the delivery of healthcare becomes more efficient, however, upward pressure on costs will remain a daunting challenge. Medical technology is expensive, but a more basic explanation for rising health costs is demographic change. The proportion of elderly people in the populations of advanced industrial nations is increasing, and the old have insatiably greater healthcare requirements than the young and middle-aged.

It is not a picture of unrelieved gloom – elderly people in advanced countries are becoming fitter – but the demands of an ageing population will nonetheless present healthcare systems with severe spending pressures until well into the next century.

Apart from trying to improve the efficiency of healthcare systems, governments are responding to rising costs and demand in two ways. One is by encouraging healthier lifestyles on the lines of the World Health Organisation's Health for All strategy and the UK's Health of the Nation campaign.

If people can be encouraged to reduce health risks by stopping smoking, adopting healthier diets and taking exercise, the potential financial savings for healthcare systems will be considerable.

The more controversial of the two responses is the introduction of rationing for treatment. Healthcare has always been rationed – by waiting list, lack of access to medical insurance, doctors' decisions in individual cases, and other ways – but the financial pressures of recent years have led to the issue being approached more explicitly.

Health authorities in parts of the world have involved the public in rationing decisions, most notably in Oregon state in the US, which has developed proposals to withdraw funding for some medical procedures under its Medicaid programme for those on modest incomes.

An 11-member commission ranked treatments in priority order according to doctors' opinions of their medical value and public opinion surveys. This produced a list of 688 procedures of which, the state decided, it could afford to fund only the top-ranked 568. Some expensive operations including liver transplants were excluded, alongside cosmetic treatments and fertility and obesity counselling.

Introduction of the plan was vetoed by the Bush administration after complaints that it infringed the rights of disabled people, but the Clinton government approved an amended version last year. Authorities in Oregon hope to introduce the scheme – which would bring poor people within the cover of Medicaid – this year although it still faces the possibility of legal challenge.

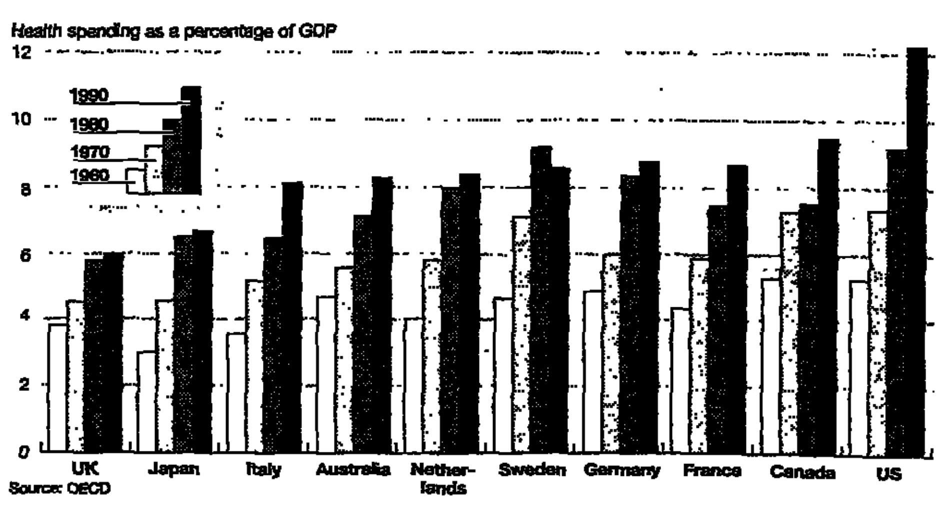
Most governments are unenthusiastic about having such a clear set of excluded treatments, but the purchaser-provider splits introduced by organisational reforms in the UK, New Zealand and elsewhere are pushing policy in this direction. Health authorities must now make explicit decisions about spending priorities, and some have begun testing public opinion through surveys and meetings.

Doctors have questioned the value of treating, for example, lung cancer victims who refuse to give up smoking, or performing expensive operations on the very elderly. Many governments have commissioned analyses relating the cost of treatment to improvements in the quality of life.

The decisions are moral as well as financial, and many people would prefer that they did not have to be made. But they are being made, and involving the public in them is likely to prove an important element in the development of democracy.

This is the 11th article on welfare states around the world. Previous articles appeared on October 25, November 3, 8, 17, 19, 24, 30, December 10, 15 and 31.

The cost of care



Source: OECD

NEWS IN BRIEF

FDP to hold out on use of bugging

Germany's governing coalition faces further strain following rejection by the Free Democrats (FDP), the junior partner, of proposed legislation to widen the use of electronic bugging devices in the fight against crime, writes Judy Dempsey in Berlin.

Such a measure would require an amendment to Germany's constitution. The FDP has argued against increased electronic monitoring on the grounds that it would be an infringement of individual rights. But the Christian Democrats believe the measures are needed to act as a deterrent against growing crime.

The proposal, put forward by Mr Manfred Kanther, the interior minister, was intended to present Chancellor Helmut Kohl's Christian Democratic Union and its Bavarian sister party, the Christian Social Union, as champions of law and order ahead of this year's local, state and federal elections.

Internal security, the fight against crime, and unemployment are the main themes on which the parties will campaign. The opposition Social Democratic party has indicated that it will support the bugging proposals.

However, Mr Klaus Kinkel, foreign minister and chairman of the FDP, and Ms Sabine Leutheusser-Schnarrenberger, justice minister and his party colleague, have refused to have anything to do with the bugging proposal. The FDP has argued consistently that any change in the law must be coupled with tackling the reasons behind crime.

Danes win big shipping order

Danyard, the shipyard owned by the Lauritzen shipping group, has signed contracts to build seven double-bottomed and doubled-hulled chemical carriers of 37,000dwt each for the American-Norwegian Stolt Nielsen Group, writes Hilary Barnes in Copenhagen.

The contract carries an option for Stolt Nielsen to order a further three vessels, which have a value of between $65m (£44m) and $70m each. Danyard claimed that this is the biggest single order ever received by a Danish industrial company. The first vessel is for delivery in 1995 and six more in 1996-97, with the three additional vessels delivered in 1998 if the option is exercised.

The order will provide Danyard, in the North Jutland town of Frederikshavn, with 2,800 full-time jobs a year between now and 1998.

The ships will be built to a new design, with tanks built in stainless steel. Automatic steering and navigation equipment and unmanned machine and control rooms will reduce crews to a minimum.

Number may be up for French

France is considering adding two digits to all telephone numbers, lengthening them to 10 digits, to keep ahead of an unexpected surge in demand for new phone lines, the Industry Ministry said yesterday, Reuter reports from Paris.

The move, tentatively planned for the end of 1995, would prevent France from running out of phone numbers one decade after it added an eighth digit to all lines.

Between 1985 and 1993, the number of lines surged to 31m from 23m as fax machines and mobile phones took hold. Under the plan, the first digit would be 0, with the second being a new area code.

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Reform test for Nigeria

By Paul Adams

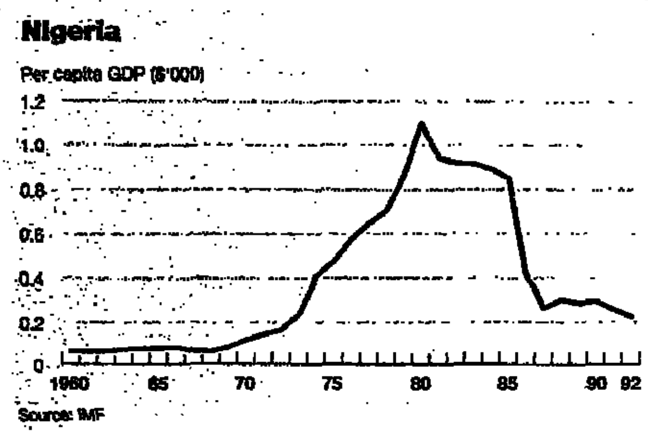
The first budget speech of Nigeria's new head of state General Sani Abacha, delayed since New Year's Day and now expected on Sunday, may be his only chance to convince observers at home and abroad that he is serious about economic reform.

During a decade of economic mismanagement by military rulers, Nigeria has slid into the world's poorest category despite a head start in development and great natural wealth.

Nigerian budgets have been more notable for good intentions than accurate forecasting. In a candid budget speech a year ago, Mr Ernest Shonekan, the last prime minister under General Ibrahim Babangida's regime, said: "The lack of fiscal discipline is the bane of our economy." He looked forward to eight months of spending restraint in preparation for the handover to elected civilian rule in August.

If Mr Shonekan's interim national government had lasted until now, he could have made the same speech, pointing to even worse figures. Both the promised fiscal controls and the democratic handover were quickly discarded as Gen Babangida increased extra-budgetary spending to try to buy an extended term of office.

Mr Pius Okigbo, a former economic adviser to the government, reflected the mood of many in Lagos when he complained last month that Nigeria's per capita income was now lower on some estimates than in 1965, before



Nigeria had any oil revenue.

Inflation is near 100 per cent and the year-end budget deficit is estimated at N75.3bn $3.7bn), two and a half times the forecast deficit, two-thirds of budgeted revenue and 15 per cent of the country's gross domestic product. Gen Abacha's government, Nigeria's fourth in just more than a year, is in its second month but lacks an economic policy.

The extension of military rule has brought condemnation and a ban on fresh aid from western donors.

And unless Nigeria makes progress in reducing its citizens' role in drugs trafficking, the US could vote against International Monetary Fund and World Bank funding after next April.

The military takeover has delayed talks with the IMF until after the budget, probably mid-month, which could have been the key to long-awaited relief for its $33bn external debt.

After two years of default, Nigeria's arrears to its main creditor, the Paris Club of official creditors, stand at $6bn and the payments crisis is threatening the country's only big source of revenue, oil exports.

Bad debts at the state-owned Nigerian National Petroleum Corporation are mortgaging the country's falling revenue. The arrears have passed the $500m limit beyond which its joint venture international partners are entitled to recover the funds in allocations of crude oil and to scale back the rate of production in line with non-payment.

The NNPC's failure to maintain its refineries has forced up fuel imports and the company has used nearly $2bn of petroleum revenue to cover its losses from selling domestic fuel at heavily subsidised prices.

Nor can the government afford to bail out the NNPC. Every day that the oil price stands at $14 a barrel, Nigeria earns $6.3m less than it had budgeted and the 1993 total oil revenue will fall about $800m short of the forecast $6.3bn.

Despite the depressed oil market, Nigeria has the resources to turn its economy around.

The new finance minister Mr Kalu I. Kalu favours a package of reforms which would be the basis for a medium-term programme to be agreed by the IMF leading to debt relief and fresh funds.

The plan would involve a "realistic rate" for the naira through a devaluation of the official rate, low inflation, and balanced budgets through cuts in spending, fuel price increases and tax reform.

Cuts in bureaucracy and corruption, especially in customs and foreign exchange procedures, would be aimed at increasing growth and inward investment.

The plan also would involve reduction of the NNPC's expenditure on joint ventures, possibly through a cut in the government stake, privatisation of all the big parastatal companies, and withdrawal from all industrial projects that could be run by the private sector or cancelled.

Private sector advisers warn that if Mr Kalu does not win the argument over policy in the cabinet, there may be a return to the system of import licences and foreign exchange allocations which would make Gen Babangida's regime seem like a heyday for market reforms.

Mr Shimon Peres, Israeli foreign minister (right), gestures yesterday to Mr Douglas Hurd, UK foreign secretary, who is on a fact-finding visit to the Middle East, writes Julian Ozanne in Jerusalem. Meanwhile Mr Yitzhak Rabin, Israel's prime minister, said he doubted whether Mr Yassir Arafat, PLO chairman, was committed to the fundamental principles of the Israeli-Palestinian peace accord. However, Mr Rabin also told Mr Hurd that he expected progress in peace talks with Syria after this month's summit between President Bill Clinton and President Hafez al-Assad of Syria. *Picture: Reuter*

Zambian minister quits for drug probe

Zambia's foreign minister, Mr Vernon Mwaanga, resigned yesterday, saying he wanted to give the government time to investigate allegations of drug dealing by cabinet members, Reuter reports from Lusaka.

Mr Mwaanga, 49, denied he was involved in drug trafficking or corruption scandals swirling around President Frederick Chiluba's beleaguered government.

But he told a news conference: "I want to inform the nation of my decision to stand down as minister of foreign affairs with immediate effect." Mr Mwaanga said he wanted to give the government time to investigate allegations of corruption, drug trafficking, misuse of public funds and abuse of office by civil servants. He denied any involvement in trafficking.

His successor has yet to be announced.

Zambia's leading western donors demanded an end to alleged high-level drug trafficking and corruption as a pre-condition for financial aid at a consultative meeting in Paris last month.

The country already has a balance-of-payments financing gap of $96m for 1994, which donors said they would not cover until the government rid itself of "corrupt individuals".

Three "clean" government ministers claimed last week that four of their colleagues, whom they did not name, were involved in drug dealing. Most of the deals were said to involve shipping highly addictive Mandrax sedatives from India, where they are made, to South Africa.

Mr Mwaanga called on other officials under suspicion to step down. He did not name them. A western diplomat described Mr Mwaanga's resignation as "a welcome first step" but said it was not enough.

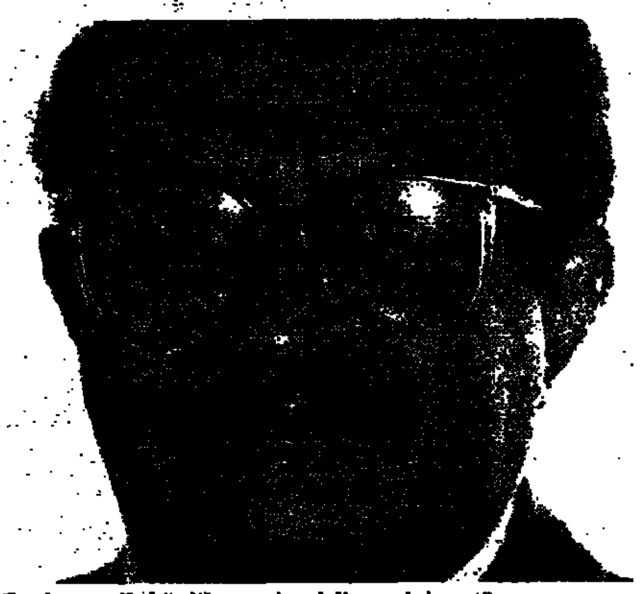
Mr Mwanga is a founder member of the ruling Movement for Multi-party Democracy. He entered politics in 1960 and served as a diplomat of the former United National Independence party government of Kenneth Kuanda and in various cabinet positions including finance and foreign affairs.

NEWS IN BRIEF

UK orders Sudan ambassador out

Britain yesterday ordered Sudan's ambassador to leave the country within 14 days in retaliation for Khartoum's decision last week to expel the British ambassador, Reuter reports.

Britain had given Sudan until yesterday to reverse its decision to expel the British ambassador, a move triggered by a visit by



Yassin: expelled "with regret and disappointment" *Universal*

the Archbishop of Canterbury to mainly Christian areas in rebel-controlled southern Sudan. Mr Mark Lennox-Boyd, junior foreign office minister, summoned Sudanese chargé d'affaires Abdurrahman Bakhit and told him Britain was expelling the ambassador, Sayed Ali Mohammed Osman Yassin, with regret and disappointment, the Foreign Office said.

The expulsion was a consequence of the Sudanese government's unsatisfactory explanation for its action in expelling Mr Peter Streams, the British ambassador. "In the circumstances, we decided to request the withdrawal of the Sudanese ambassador."

Kabul battles rage for fourth day

Infantry battles raged for a fourth day in Kabul yesterday, killing dozens of people and injuring more than 1,700, in a power struggle between Afghan President Burhanuddin Rabbani and an ex-communist general, Reuter reports from Kabul.

Government jets bombed fighters loyal to the warlord Gen Abdul Rashid Dostum; Mr Rabbani's infantry made advances, pushing back the front line in the south of the city. Fighting spread in the north around Gen Dostum's base of Mazar-i-Sharif, capital of Balkh province, in the battle for supremacy between the president and Gen Dostum, backed by Mr Rabbani's arch-enemy, Prime Minister Gulbuddin Hekmatyar.

The Iranian embassy offered to negotiate a peace settlement, and a mission of leaders of moderate factions in the Islamic coalition government was trying to end the battles, the worst in Kabul for many months.

Britain to send warship on South African visit

A British warship is being sent to South Africa this month for the first time in 27 years, symbolising the revival of official military contacts between the two countries, David White, Defence Correspondent, writes.

One of the Royal Navy's latest frigates, HMS Norfolk, is due to visit Cape Town and Simonstown from January 27.

UK officials said the visit was not directly linked to military sales, although Britain has begun sounding out opportunities and South Africa is known to be interested in acquiring offshore vessels.

Chinese, Russian cities in economic and trade link-up

A Chinese city and a Russian one have agreed to build a cross-border free economic and trade zone, Reuter reports from Beijing.

In the first such venture between the two countries, Heihe in China's northeastern province of Heilongjiang and its neighbour Blagoveshchensk in the Russian Far East will set up the zone from either end of a pontoon bridge to be built soon over the river separating them.

The zone, 10 km of land from each country, is expected to become a transit centre for goods and passengers and an export-oriented processing area, according to the Xinhua news agency.

The zone will be administered by a joint management commission from both sides, it said.

New Japanese party to support reform

By William Dawkins in Tokyo

The political hand of Mr Morihiro Hosokawa, the Japanese prime minister, was strengthened yesterday by the formation of a small political party pledged to help his coalition.

Five rebel members of the lower house of parliament, most of whom left the opposition Liberal Democratic party last month, yesterday formally founded a party, Kaikaku-no-kai, or Reform Group.

It aims to support the coalition's attempts to reform the discredited political and electoral system. Yet the new group offers little immediate advantage to Mr Hosokawa, as political reform plans are currently blocked by LDP delaying tactics in the upper house, where the new group has no members.

This does, however, nearly double the coalition's slender majority in the lower house to 10 to 11 seats.

The new group nearly doubles the coalition's slender majority in the lower house

It can now count on the support of 266 out of 511 lower-house members. The coalition has a five-to-six seat majority in the upper house, with 131 of the 251 seats there.

Mr Takeo Nishioka, a former education minister who heads the Reform Group, said it would co-operate with, but not join, the coalition and would seek support from LDP upper house members. The four reform bills passed the lower house in November and need to get through the upper assembly before the extended session ends on January 29.

This is the latest small stage in the break-up of traditional political groupings, which began with last June's collapse of the former LDP government, after a rebellion by members disillusioned over LDP failure to achieve political reform. The general trend of this seemingly chaotic fragmentation is towards two groups of parties, Japanese political commentators believe.

There are liberals, similar to US Democrats, grouped around Mr Ichiro Ozawa, the coalition's behind-the-scenes power-broker and former LDP heavyweight; and centre-right groups, similar to US Republicans, aligned around Mr Hosokawa's Japan New party and the moderate stream of the Social Democratic party, the seven-party coalition's largest partner.

This follows the formation last month of a study group by 40 Social Democratic party parliamentarians, accounting for about a third of the upper- and lower-house seats held by the coalition's largest member.

The study group, called the Democrats, aims to distinguish itself from the left wing, and is seen as the precursor of a new party. It is now courting as a possible leader Mr Takahiro Yokomichi, governor of Hokkaido and a former Social Democrat member of parliament.

Pakistan central bank directors in curbs protest

By Farhan Bokhari in Islamabad

Three directors of Pakistan's central bank have submitted their resignations over new legislation which partly reduces the bank's recently-established independence from the government.

Mr Moeen Qureshi, the former caretaker prime minister who made the bank independent last year, said last night the latest move could create problems for Pakistan in its negotiations with the International Monetary Fund and World Bank.

"I am concerned over their loss of credibility if they take such an important step," Mr Qureshi, a former World Bank official, told the Financial Times from Washington. Pakistan is negotiating with the IMF and World Bank for up to $1.5bn in aid over the next three years.

A new presidential decree seeks to curtail the powers of the central bank governor in setting monetary policy. The governor is required to consult the federal government and the four provincial governments on the limit of credit extended to them, while the earlier law introduced by Mr Qureshi allowed him independently to establish the limits. The governor's term of office has been reduced to three years from five.

A provision allowing the government to appoint a new governor within 180 days from commencement of the new law has generated speculation that Mr Mohammad Yaqub, the present governor, known as a financial disciplinarian, may be replaced.

One of the seven members of the bank's central board has resigned in protest at the presidential decree and two more have submitted resignations which have not yet been formally accepted.

Mr Qureshi's steps to make the central bank autonomous had been praised by western economists. He said yesterday: "In my view, the ordinance I had issued was one of the cornerstones [of policy] to ensure financial discipline. It is important to give the bank the feeling that if they take a stand on principles, the governor will not be fired."

The government defended the move as a step requiring the bank to set policy in consultation with the government, rather than interference in its functions.

Dispute over Kashmir drags on

Farhan Bokhari charts the impasse between India and Pakistan

India and Pakistan have made little progress towards resolving their protracted and often fractious dispute over Kashmir during high-level talks which concluded earlier this week.

Mr Shebaryar Khan, the Pakistani foreign secretary, and Mr J.N. Dixit, his Indian counterpart, met in Islamabad at the weekend after months of prodding and encouragement from western governments, including the Clinton administration.

India yesterday rejected Pakistan's attempt to link bilateral dialogue to a change in New Delhi's stand on the Kashmir issue and cautioned Pakistan that this might cause a delay in settling other bilateral problems such as the Siachen glacier, the demarcation of a maritime boundary in the Sir Creek area, nuclear non-proliferation, and stabilisation along the line of control between the two countries, Shiraz Sidhva reports from New Delhi.

Mr J.N. Dixit, India's foreign secretary, told a press conference yesterday that a stalemate on the Kashmir issue had not been broken during talks with Pakistani officials which concluded in Islamabad on Monday.

Indo-Pakistan relations could not be viewed through the prism of the Kashmir issue alone, he said, and India was prepared to continue bilateral discussions as long as no pre-conditions were set. Mr Dixit said India had earlier planned to send proposals within two weeks which could result in the resolution of almost all outstanding issues between the two countries. These might be delayed, with Islamabad virtually rejecting India's proposal to hold the next round of foreign secretary-level talks in four months.

Their intention was to restart their dialogue which was broken off 18 months ago.

The meeting was the seventh of its kind since the process of secretary-level talks began over three years ago.

However, it was also the most important meeting since it was the first time that India agreed formally to discuss the Kashmir dispute, despite their long-standing argument that the Kashmir issue was a domestic matter.

The new approach from both sides not only reflects the changing realities in the region but also the mood of an international community, increasingly concerned over the possibility of an intense and possibly nuclear conflict between the two south Asian countries.

Battle-ready troops remain on guard along the disputed Kashmir border, the scene of many protests and incidents during the 46-year conflict between the two countries.

Indian officials claim that they could continue the military operation for years without facing pressure to retreat.

However, a four-year continuing insurgency of Moslem fighters in Kashmir, where a quarter of a million troops remain deployed, has increasingly become the source of criticism based on claims of human rights violations.

The conflict has so far claimed between 7,000 and 10,000 lives, while at least 30,000 people are estimated to have been injured in the fighting. In addition, at least 10,000 Kashmiris are in detention for their alleged involvement in separatist activities.

For Pakistan, a country which devotes almost a third of its annual budget to national defence, maintaining such a level of expenditure has become unsustainable due to concerns from many of its leading donors.

The newly-elected government of Prime Minister Benazir Bhutto has publicly stated that it will not compromise the country's vital defence needs. But privately, many officials know that equally vital is the need to reduce expenditure if the country is ever to recover from its chronic deficits.

There has also been increasing pressure for the government to allocate more resources to social services, health and welfare.

Despite the failure of the latest talks to resolve the Kashmir dispute, both sides have tried to keep open the possibility of future dialogue without any specific timeframe.

The breaking point in the talks apparently came after Pakistan said that there could be no further progress unless key Kashmiri leaders who have been imprisoned are released and allowed free access to the international media and diplomats.

Furthermore, Pakistan also demanded an easing of repression in Kashmir before any further discussions take place.

For his part, Mr Dixit expressed confidence that the fact the two countries decided to discuss the issue was progress. "It is not necessary that when you are dealing with a complex problem that accomplishments should emerge immediately, it takes time."

In response, Mr Khan said: "The people of Kashmir should be allowed to breathe and be allowed to put across their point of view."

He reiterated Pakistan's longstanding demand that the only way to resolve the dispute is through a plebiscite which would allow the people of Kashmir to decide if they want to remain within India or rejoin Pakistan.

Despite the break-off without a timetable for the resumption of talks, officials and western diplomats are hopeful that the meeting may prove to be a turning point in the dialogue. "The biggest difference is that there are fresh compulsions on both sides to try to do something," said one senior Pakistani official.

Although there are grounds for optimism, there are equally good reasons to argue against the possibility of substantive progress.

Nationalists in both countries are almost certain to resist their governments if there are any signs of a compromise. "Progress will only come if our leaders say to hell with politics and getting re-elected. We should settle this dispute because that would be the most important contribution to peace," one Pakistani official said.

Sharp rise in licence fee aims to eliminate 80% of 'traders'

Gun dealers in US face tighter curbs

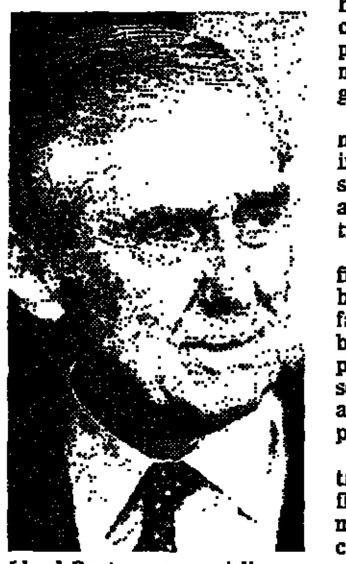
By George Graham in Washington

The US administration plans to follow up its initial success in winning restrictions on gun sales by pressing for tougher controls on gun dealers.

Mr Lloyd Bentsen, Treasury secretary, yesterday outlined plans for a sharp increase in the fee charged by the government for a gun-dealing licence, with the aim of eliminating 80 per cent of those now licensed to trade in firearms.

It has been so easy and so cheap to obtain a federal licence that many people go through the minimal paperwork required just so they can order guns from outside their home states and benefit from manufacturers' discounts.

Most of the 244,000 dealers now licensed by the Bureau of Alcohol, Tobacco and Firearms, a division of Mr Bentsen's Treasury department, operate from their homes. Many do not comply with state and local licensing requirements, but the bureau has been barred from refusing a licence for such non-compliance.



Lloyd Bentsen: current licence fee 'all the way to reckless'

Mr Bentsen said he would ask Congress to raise the licence fee to $600 (£405) a year from its current level of $10, which he described as not just ridiculous but "all the way to reckless".

The annual fee is already due to rise in February to $66 for a new licence and $30 for a renewal, as a consequence of the Brady law – passed in December by Congress – which would impose a waiting period on handgun buyers.

Higher fees "should eliminate 200,000 dealers, leaving only the actual ones in place," Mr Bentsen said. By reducing the number of dealers, the bureau could monitor remaining dealers more closely.

Mr Bentsen also promised measures to improve the bureau's computerised records.

Fear of crime and violence has become the most prevalent concern cited in US opinion polls, and this has given fresh momentum to efforts to control gun sales.

Besides the Brady law, other measures are under discussion in Congress that would ban the sale of certain categories of assault weapon and ammunition.

At the same time, sales of firearms, especially handguns, have soared. Many people who favour gun controls have bought weapons for their own protection, while others have sought to stock up to pre-empt any ban that Congress may pass.

The idea of a national registry of guns has also been floated, although with an estimated 200m guns already in circulation in the US this would probably prove fruitless.

Poverty leads to peasants' revolt

This is not the image of stability Mexico wants to project, writes Damian Fraser

The attack by up to a thousand armed peasants on four Mexican towns in the southern state of Chiapas presents the government of President Carlos Salinas with an acute political problem.

While the military threat of the rebels is negligible, the uprising comes at a time when the government is keen to project Mexico as a peaceful and stable country ready to become a member of the first world of rich nations. The insurrection offers a very different image, and underscores the social and political difficulties ahead as Mexico joins the North American Free Trade Agreement.

The troubles coincide with the beginning of the campaign to elect Mr Salinas's successor this August. If the violence continues, Mr Luis Donaldo Colosio, the ruling Institutional Revolutionary party's candidate, may have to go further in making social development rather than economic reform the key element of his political platform.

The uprising has already led to nearly 90 deaths, and countless more victims have been wounded. The rebels have ceded control of three of the four towns seized on New Year's Day – San Cristobal, Las Margaritas and Ococingo – but were still holding on to Altamirano yesterday morning.

The guerrillas, known as the Zapatista Army of National Liberation, declared war on the government on behalf of the country's Indians. They said they timed the New Year's Day insurrection to coincide with the formal enactment of Nafta, a treaty they said would be a death sentence for Indians.

Their fight was for "work, land, housing, food, health care, education, independence, freedom, democracy, justice and peace". Most of the rebels are poor Indians from the region, although some of the leaders are reported to be from the centre of the country. They appear well-financed and organised, suggesting perhaps links with drug or arms smugglers.

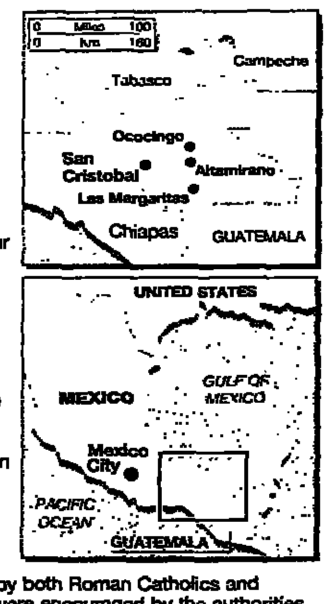
The government quickly painted the insurgents as radical groups with little popular base or support, and bent on violence at no cost. An official said they were supported by Guatemalan guerrillas and other Central Americans, and had ties to the leftist clergy in the state.

However, government critics see the violence as the product of the extreme poverty and repression afflicting Chiapas for centuries. It is by some measures Mexico's poorest state, with lowest levels of installed electricity, literacy and school attendance rates in the country.

The state is dominated by political bosses who belong to the PRI, and has one of the worst records of human rights abuses by the police and army. Disputes over land have long turned into violent clashes between poor peasants and the rich landowners who control the economy of the state.

Chiapas state

- It is one of Mexico's least-developed and most violence-prone
- It has only 4 per cent of the nation's population but 25 per cent of its land disputes
- About 30 per cent of its 3.2m residents are illiterate; one in four speaks an indigenous language but not Spanish
- About 20 per cent of children do not attend school, partly because not enough teachers speak both Spanish and indigenous languages; roads are scarce and bad
- The state has been made even poorer and less stable by thousands of undocumented central American refugees trying to reach the US



- Success in winning converts by both Roman Catholics and Protestants, the latter of whom were encouraged by the authorities in the 1940s to counter Catholic power, has exacerbated tensions: village leaders have expelled thousands of converts, accusing them of undermining Mayan traditions

Source: Associated Press

Last year the Minnesota Advocates for Human Rights, an independent US organisation, accused Mexico's military of torturing indigenous peoples in the state. Other reports by Amnesty International and Americas Watch have catalogued similar abuses.

The Minnesota report concluded: "The lawless practices of the Mexican military have been increasingly tolerated at the highest levels of Mexican government." The charges were denied by the government-controlled Human Rights Commission, but have long been made by the local Catholic Church, which actively supports the rights of Indians.

While Mr Salinas's economic reforms have made many Mexicans better off, they have yet to improve the lot of the rural poor, most of whom are found in southern states such as Chiapas. According to the government statistics institute and the United Nations, the number of people living in extreme poverty in rural areas increased from 6.7m in 1984 to 8.4m in 1989 and 8.8m in 1992.

During the past four years the government has poured billions of dollars into the Solidarity anti-poverty programme, of which Chiapas has been the biggest recipient. However, this programme has not been able to offset the impact of the removal of agricultural and other subsidies, and the decline in international prices of products such as coffee.

The Indian opposition to Nafta reflects a widely held view that the south of Mexico is unlikely to benefit as much as the north or the centre. Many Chiapas workers live off corn they produce, or on coffee farms. Under Nafta, Mexico will gradually open up to corn imports, and demand for farm labour is expected by most economists to fall sharply.

The government's immediate response to such problems is to pour more money into the state. The social development minister said on Monday the government would establish new programmes to address the problems of the region. It remains to be seen whether such spending will be sufficient, or if a broader political solution to the rights of Indians is necessary.

Offer to clear Falkland mines

Argentina has offered to fund the clear-up of about 30,000 mines still littering the Falkland Islands 12 years after the conflict with Britain, writes John Barham in Buenos Aires.

Mr Guido Di Tella, foreign minister, said Argentina would pay an unidentified "third country" to remove the mines, which dot large swathes of land outside Port Stanley, the islands' capital. A Foreign Ministry official said this might be done in co-operation with the UN.

British officials have welcomed the offer "in principle" but said it raised complex questions. They noted that Argentina kept no maps of minefields or records of the quantity of mines laid.

Furthermore, the plastic mines are difficult to detect, and their detonators deteriorate with time, making explosion unpredictable.

The offer is part of Mr Di Tella's so-called "charm offensive" to overcome the Falklanders' deep suspicion of Argentina. He has broadcast to the islands, met Falkland councillors in London and sent Christmas gifts to inhabitants.

However, on Monday, the 161st anniversary of the British occupation of the Falklands, the Foreign Ministry restated Argentina's "inalienable rights to sovereignty" over them.

Venezuela oil group's earnings leap

By Joseph Mann in Caracas

Venezuela's national oil company's net earnings climbed to more than $1.3bn (£870m) last year, sharply up from $338m in 1992, according to official estimates. The increase came despite weak international oil prices and a heavy domestic tax burden.

Petróleos de Venezuela (PDVSA), one of the world's largest oil companies, had a 1993 operating profit of $7.4bn on gross revenues of $21.6bn. However, it paid $5.6bn in taxes.

In 1992 the group's operating profit was $7.7bn on gross revenues of $21.4bn. It paid $7.2bn in taxes.

The company's profitability was boosted by greater efficiency and productivity, reorganisation of some functional areas and less burdensome taxes, officials said.

Mr Alirio Parra, Venezuela's minister of energy and mines, said the company would make capital investments of $4.2bn this year, the highest figure in the company's 19-year history.

Its 1994 investment plan should provide a shot in the arm for Venezuela's flagging economy, which logged 1 per cent negative GDP growth last year.

Mr Parra said most of the capital outlays this year would go to projects for increasing PDVSA's crude oil production capacity and for upgrading its two largest home refineries. Capital outlays in 1993 were $3.7bn.

PDVSA, which has substantial equity holdings in oil refining and distribution companies in the US and Europe, is carrying out a 10-year, $48.5bn capital investment programme. One of its main goals is to raise oil production potential to at least 4m barrels a day by the year 2002.

New investments in production will raise crude output potential to more than 3m b/d this year, the highest figure since Venezuela's oil industry was nationalised in 1976.

The company planned to contract new international debt of about $637m this year to help finance its investment programme, the minister said. It ended 1993 with total indebtedness of $4.2bn.

Prisons on alert as system shows strains

Security was increased at prisons across Venezuela yesterday after a riot and mass breakout at two separate institutions left more than 100 prisoners dead, writes Joseph Mann. Soldiers and firemen were still pulling bodies out of a compound in Maracaibo, Venezuela's second-largest city, after about 100 prisoners died during a riot and fire on Monday.

Venezuelan authorities said that two rival bands of prisoners began fighting late on Monday afternoon and set fire to prison buildings. Units of the National Guard were called in to crush the ensuing riot.

Meanwhile, 40 prisoners escaped and nine were killed while trying to flee Tocoron prison, 75 miles south-west of Caracas, while government officials were dealing with the aftermath of the Maracaibo rampage early on Tuesday morning. A National Guardsman also died.

US recovery lifts steel imports from Europe

By Nancy Dunne in Washington

American steel companies, buoyed by the economic recovery, have been importing large amounts of European steel to meet rising demand from the motor industry and other prospering sectors.

With the bulk of the US industry's anti-dumping and countervailing duty cases now on appeal, US companies have been focusing on production. According to Mr Horst Buelte, president of the American Institute for International Steel, producers are now among the largest importers, bringing in semi-finished steel, because demand is "so huge that the capacity is not sufficient".

"US mills are working 89-90 per cent capacity utilisation," he said. "Production bottlenecks and full order books in 1993 have forced US mills to turn to foreign suppliers for large quantities of semi-finished steel like slabs and billets."

The American Iron and Steel Institute, which represents steel companies, says imports from the EU rose almost 37 per cent between October 1992 and October last year.

At the same time, imports from Japan fell by almost 33 per cent.

The greatest beneficiary of the surge was Italy, which has been resisting EU plans to reduce excess production.

Italy's exports to the US rose almost 290 per cent to 156,205 short tons between October 1992 and 1993. Over the same period Danish imports rose 90 per cent; Greek imports 85 per cent; Belgian, 58 per cent and British, 4.7 per cent.

Imports from Germany totalled 303,893 tons, a 21 per cent increase.

Over the first 10 months of 1993 the quantity of finished steel mill products imports decreased by 610,000 tons over the 1992 figure. At the same time, semi-finished steel imports rose by 2m tons, reaching 3.9m tons and accounting for a quarter of total steel imports in the first 10 months of last year.

In October alone, semi-finished imports were 685,000 tons or 32 per cent of total steel imports.

A US industry source cautioned against assuming any long-term trends from the data. It was to be expected that US companies would have more finishing capacity than the more expensive facilities for hotrolled, he said.

While US imports have been rising to accommodate the recovery, exports have been falling as overseas markets dry up.

From October 1992 to October last year foreign sales dropped 15 per cent to 290,000 tons.

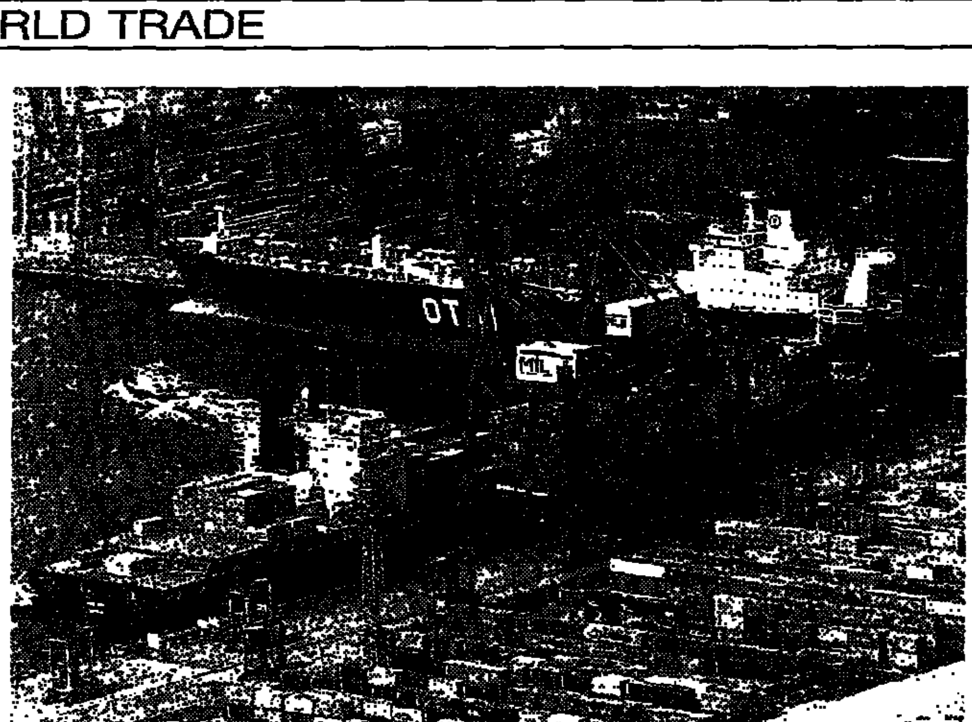
Cash row may hit HK port extension

By Louise Lucas in Hong Kong

Expansion of Hong Kong's port, already hostage to approval from the Chinese, faces further delay as the colony's government and private consortiums building the new Container Terminal Nine (CT9) thrash out agreement on funding and land availability.

Hongkong International Terminals (HIT), a subsidiary of Hutchison, and the other Kwai Chung container terminal operators yesterday urged the government to tackle outstanding problems, or risk capacity shortfalls of 1m TEUs (20-ft equivalent units) by 1997.

Mr John Meredith, managing director of HIT, said the government should allocate an additional 34 hectares of back-up land, which would let HIT boost its capacity by 1m TEUs a year from its existing quay waterfront.



Hong Kong's container terminal operators warn of serious capacity shortfalls

Glyn Genin

Mr Mark Leese, managing director of Modern Terminals, one of the three contractors to the CT9 project, claimed the government was short-changing operators on attached infrastructural work. Operators agreed to undertake certain infrastructural work – for which the government is to reimburse them – in exchange for the development rights.

He claimed the actual cost of this work was HK$3bn (£263m) higher than government estimates, and said the discrepancy would be a hurdle to reaching agreement.

Global tourism climbs by 3.8%

By Michael Skapinker, Leisure Industries Correspondent

The number of international tourist arrivals worldwide last year was about 500m, a 3.8 per cent increase over 1992, according to the World Tourism Organisation.

International tourism receipts rose 9 per cent to $324bn (£219bn). The East Asian and Pacific region recorded the highest level of growth last year, with arrivals up 11.8 per cent to 68.5m.

Tourist receipts in the region rose 15.2 per cent to $52.6bn.

The Americas recorded the second highest growth, with arrivals up 5.6 per cent to 106.5m and receipts up 14.3 per cent to $95.5bn.

Travel within North America fell as a result of difficult economic conditions but tourists from Europe compensated for the shortfall. The Caribbean and Latin America had a successful year, the organisation said.

Europe remained the world's largest tourist destination, with 296.5m arrivals last year and receipts of $162.6bn. This represented growth over 1992 of 2.1 per cent and 5.7 per cent respectively.

Northern European countries had a difficult year, while eastern and central European destinations recorded strong growth.

The eastern Mediterranean held up well.

Growth in tourism to Africa was also limited, with arrivals up 2 per cent to 17.9m. Tourism receipts were healthier, however, growing 8.7 per cent to $6.4bn.

The losers last year were the Middle East and south Asia. The organisation said the Middle East had failed to maintain its post-Gulf war promise, with arrivals down 8.4 per cent to 7.2m. Receipts fell 7.4 per cent to $4.9bn.

In south Asia, arrivals fell by 1.4 per cent to 3.4m, with receipts down 2.9 per cent to $2bn.

The organisation said it expected international tourist arrivals to rise to 661m by 2000 and to 937m by 2010.

ABB wins turbine parts deal

ABB Asea Brown Boveri, the world's leading power engineering group, has won a $150m (£101.3m) order to supply spare turbine parts over a nine-year period to Midland Cogeneration Venture (MCV) of Midland, Michigan, writes Ian Rodger in Zurich.

MCV is a limited partnership formed in 1987 to acquire the useable part of an unfinished nuclear power plant at Midland and to complete it as a gas-fired combined heat and power plant. The plant, which started up in 1989, is powered by 12 ABB gas turbines producing 1,370MW of electricity and up to 0.6m kilograms per hour of process steam.

MCV is 49 per cent owned by CMS Energy, the local electric utility, with smaller stakes held by industrial companies in the area, including Dow Chemical and Fluor, and ABB.

ABB said the order was signed last week and so would be booked in 1993.

Colombia finds friends in drive to open up

Two free trade deals are blazing a trail which the government hopes will end in Nafta membership, writes Sarita Kendall

Colombia advances further on the road toward regional economic integration this month as it enters two important free trade agreements.

A trade accord with Chile came into operation at the start of the year, while the Group of Three agreement between Colombia, Mexico and Venezuela is due to be signed later in the month. President Cesar Gaviria is also pushing hard to make Colombia one of the first South American countries to join the North American Free Trade Agreement.

"In practice, we can be eligible for Nafta on all conditions – democratic tradition, economic stability, foreign investment legislation and deregulation," said Mr Juan Manuel Santos, the foreign trade minister. "The Group of Three and our other regional integration accords are preparing the ground for this step." Although Colombian products already enjoy special access to the US, the treaty would provide a more permanent trade framework and other benefits.

The internationalisation of the economy has moved fast in the last three years. Colombian producers are no longer limited to an inward-looking market of 33m people, but can plan for an expanded community of 180m, says Mr Santos. Average tariffs have come down from 40 per cent to 11 per cent and imports are soaring. Foreign investment has also begun to grow in response to the government's efforts to sell Colombia abroad.

The US is Colombia's most important trading partner – in 1992 imports from the US jumped by 40 per cent and they continue to rise. This year Colombia will have an overall trade deficit of more than $500m (£337m), something which does not alarm government economists because international reserves are more than $8bn, equivalent to at least a year's worth of imports.

Colombia – already a member of the Andean Pact which groups it with Venezuela, Ecuador and Bolivia (Peru's membership has been temporarily suspended) – is already boosting exports among Andean Pact countries and trade between Colombia and Venezuela rose to $1.1bn in the first nine months of 1993, about 30 per cent up on 1992.

The agreement with Chile will quickly lower tariffs on a wide range of agricultural and industrial goods – non-tariff barriers are being eliminated immediately and tariff levels on nearly all traded goods will be down to zero by 1999.

The Group of Three agreement, planned to come into effect in April, will reduce tariffs gradually over 10 years and encourage investment flows between countries. The combined gross domestic product of Colombia, Mexico and Venezuela adds up to $310bn and Ecuador and Bolivia have shown interest in joining the group.

Next year Colombia also expects to formalise trade accords with the Caribbean community (Caricom) and with central American countries.

The excitement generated by such moves has infected the private sector which, after hanging back rather fearfully, has become enthusiastic about new trade and investment opportunities. Improved policy co-ordination between government and industry is already apparent now that businessmen accept the official view that the opening of the economy is irreversible.

Decades of protection from imports have stunted industrial development and competitiveness. Colombia has relied on its advantages – including resources, climate, location and cheap labour – to export products largely based on natural resources.

Poor transport, energy and telecommunications put companies at a disadvantage, in particular those based in Bogota and the centre of the country. However, the government has begun to tackle some of these problems: for example, the restructuring of the ports has already speeded up operations and improved turnaround time.

Violence plays a large part in discouraging investment, but for those who look at Colombia in more detail, "it implies a cost and is a manageable risk", said Mr Armando Vegalara, director of the Colombia investment corporation, Coinvertir.

"The guerrillas are the most important factor for the foreign investor because they're against private property ... but Colombia has political stability and a stable legal framework too. People often find this extraordinary."

Foreign investment – excluding the oil sector – rose by 55 per cent to $395m for the January-December period. The US and Venezuela topped the list and the most popular sectors were chemicals and finance. "There's great interest in telecommunications, power plants and services associated with oil," said Mr Vegalara. "We've had several visitors from Japan, I think there's a change of attitude."

Colombians often blame the low rate of foreign investment on the country's bad image, ignoring the disturbing reality of assassinations, human rights abuse, terrorism and corruption. "I tell people that everything they read about the violence is true – but that they should look at all the other things Colombia has to offer," said a foreign economic expert.

One of Colombia's principal advantages is its economic track record and outlook. Debts are being paid, economic growth is steady and inflation has not been allowed to run wild. The 1993 growth rate was about 5.2 per cent, and similar growth is expected in 1994.

Irish peacebroker appeals for 'moral courage'

By David Owen in Belfast

Mr John Hume yesterday urged Republican leaders to embrace the UK-Irish peace initiative but said an end to IRA violence would require "one of the greatest acts of moral courage of this century".

The leader of the mainly Roman Catholic Social Democratic and Labour Party used a dense and passionate five-page statement to argue that last month's Downing Street Declaration satisfactorily addressed the IRA's stated reasons for its 25-year armed struggle.

"I do believe that the declaration makes very very clear that the traditional reasons for the use of physical force no longer exist that the republicans have given", he said.

In remarks made less than a day after Mr Gerry Adams, the Sinn Féin president, had poured scorn on Northern Ireland's right to self-determination, Mr Hume appealed to everyone affected by the peace process to refrain from "insensitive and unhelpful language".

He said: ""With peace, the border will in fact be gone. Let us commit ourselves to spilling our sweat and not our blood". Mr Hume made no reference to recent calls for him to publish the secret contents of the initiative he launched last year with Mr Adams.

His comments came as Sinn Féin leaders received a sharp reminder of the heavy personal cost that a continuation of the armed struggle could bring. A letter bomb exploded without injury at the party's Dublin headquarters.

Republican leaders have yet to make a definitive response to the joint declaration, although their recent comments have suggested they are edging towards rejecting it. Mr Hume's remarks were interpreted as an attempt to influence the intense debate on the shape of this response which is thought to be raging inside the republican movement.

But in a fresh development last night, Mr James Molyneaux, the Ulster Unionist leader, made it clear the thought the IRA had already effectively rejected the joint declaration.

He also urged the government to combine tougher security measures against terrorists with a drive to inject fresh impetus into talks involving Northern Ireland's four constitutional political parties.

In a speech in Lisburn to fellow Ulster Unionists, Mr Molyneaux said the way was now clear for the British government to "co-operate with Ulster Unionists" in giving fresh impetus to the political talks.

"The unease created by unfounded allegations of betrayal will vanish when it is seen that the Major government is embarked on a determined drive to restore the level of accountable democracy enjoyed by the other three components of the UK".

Mr Molyneaux plans later this week to address three private meetings of Ulster Unionist activists in an exercise designed to reassure the grass roots of the party.

Increase in jobs for graduates expected this year

By John Authers

Companies are planning to increase graduate recruitment this year for the first time since 1989, the Association of Graduate Recruiters said yesterday.

Its survey of 271 large recruiters found that 7 per cent more graduates will be offered jobs this year than in 1993. Only 4 per cent of employers have any plans to cut recruitment over the next three years, while 39 per cent expect increases.

But the sharp rise in university enrolment over the past five years means that more new graduates will be unemployed this year than at end of the 1993.

This strong supply of graduates is also likely to thwart any significant increase in starting salaries.

Employers started boosting their recruitment programmes during 1993 as optimism about the economy increased. As a result, recruitment ended only 3.5 per cent lower than in 1992. At the beginning of 1993, they had expected a fall of 21 per cent, following a cut of 14 per cent in 1992.

Mrs Kate Orebi Gann, recruitment manager for Marks and Spencer, the leading retailer, and chairman of the association, said many companies needed to take on extra recruits because they had "pared to the bone" during the recession.

"Once more organisations start to prepare for the recovery, this improvement in graduate recruitment should accelerate. The country cannot afford the waste of talent evident over the last few years."

Traditional heavy recruiters, such as chartered accountancy firms and management consultants, are expected to step up their recruitment efforts, although there will be no return to the levels of the mid-1980s, she said.

Industry has born the brunt of cuts in recruitment, and is recovering more slowly than other sectors. In 1993, industry recruitment fell by 18.6 per cent, a faster fall than in 1992, while intake in all other sectors increased by 1.4 per cent.

Industrial companies are also noticeably less optimistic for the future, planning increased recruitment of only 4 per cent for this year.

Students leaving university this year will still face a harder fight to find a job.

The median starting salary paid to graduates last year was £13,004, only 1.6 per cent higher than in 1992. For the second year running, that was less than half the increase in average earnings over the same period. This year, salaries are expected to rise to £13,500, an increase of 3.8 per cent. The average salary being paid to a graduate recruited in 1990 is £17,000, although the top 10 per cent are being paid more than £22,000.

Land Rover launch set to boost US sales

Kevin Done, Motor Industry Correspondent, in Detroit

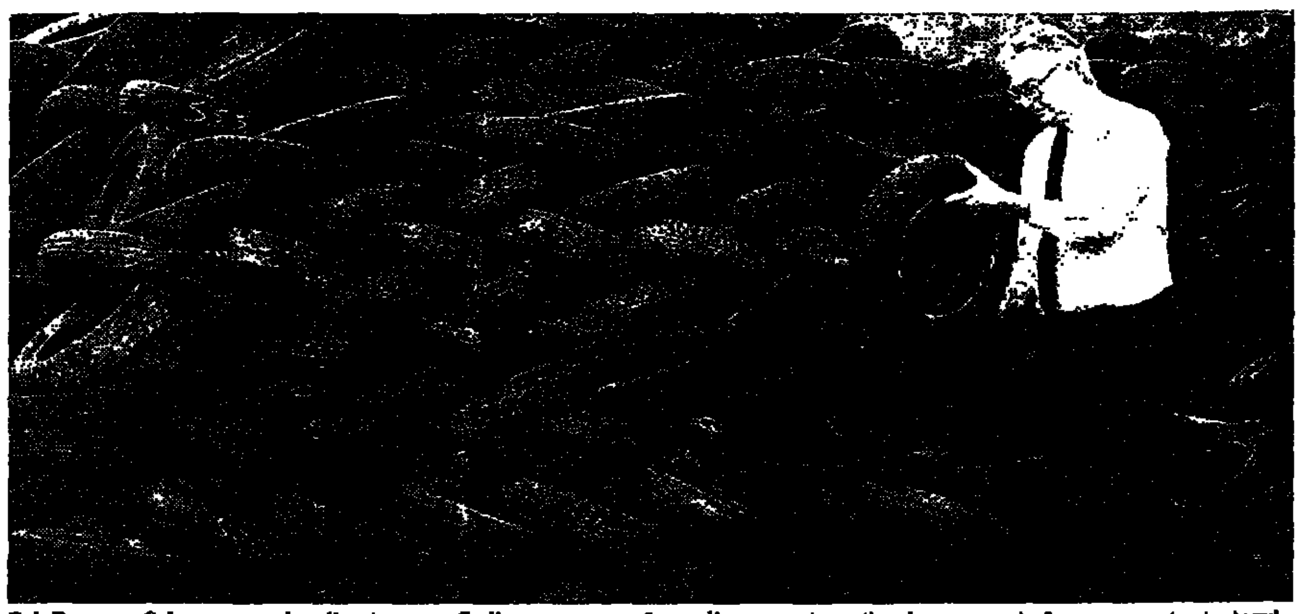
Land Rover is to launch its Discovery four-wheel-drive vehicle in North America in April, a move expected to quadruple its US sales.

The Discovery will add to Land Rover's existing US sales of the luxury Range Rover and utility Defender ranges. The launch, announced yesterday, is expected to push Land Rover production to a record level in 1994. Output at its Solihull plant in the UK rose by 18 per cent to 68,000 in 1993, its second best year.

Mr John Russell, Land Rover commercial director, said sales in the US last year rose by 15.9 per cent to a record 4,907. The US is the world's biggest market for four-wheel-drive sports/utility vehicles, and it is expected that Discovery sales in the US could reach 15,000 a year.

For the US market, Discovery prices will begin at less than $30,000. Prices will be well below UK levels to allow the Discovery to compete in the lower-priced US market against vehicles such as the Ford Explorer and Chrysler's Jeep Grand Cherokee.

Chrysler, the US vehicle maker, has enjoyed growing success with the launch of its US-built Jeep Cherokee and Wrangler four-wheel-drive vehicles in the UK last year, which sold almost 4,000, double the initial target.



Bob Bonomy, Colway managing director, says finding new ways of recycling scrap tyres 'has become part of our corporate strategy'

Tyre crisis swept under carpet

John Griffiths on a recycling joint venture that tackles part but not all of a scrap mountain

A collaborative venture between a subsidiary of BBA, the motor components and engineering group, and Colway Tyres, the UK's largest independent tyre remoulder, is turning 3m scrap tyres a year into carpet underlay.

The venture represents one of the latest ways of dealing with the mountains of discarded tyres now regarded as a big environmental problem.

About 25m tyres are discarded each year in the UK and about 250m a year in western Europe. With serious attempts at recycling only just starting to gain momentum, several hundred million tyres have accumulated.

One large tyre dump in Wales is still burning after eight years, all attempts to extinguish it having failed. Even without fire, pollutants leech from the tyres, poisoning soil and endangering waterways.

The BBA-Colway venture has involved building a tyre-shredding and storage facility next to Colway's remoulding plant on the outskirts of Durham, which produces more than 1m tyres a year and employs about 250 people.

Four million discarded tyres a year are collected from distributors and retail outlets. Only about a quarter are fit for remoulding and the remainder are shredded, with the resultant rubber "crumb" being collected in large silos.

It is transported to Duralay, BBA's wholly owned subsidiary at Rossendale, Lancashire, where it is made into underlay. Steel cords reclaimed from the tyres are sent for recycling separately.

Finding new ways of recycling scrap tyres not suitable for remoulding "has become part of our corporate strategy", says Mr Bob Bonomy, managing director of Colway. The partners stress that underlay can only be a small part of the recycling solution to the problem of scrap tyres.

Research commissioned from consultants Coopers & Lybrand has identified the inclusion of rubber crumb in asphalt as one potentially way of dealing with the problem. Inclusion of about 15 per cent crumb in road construction would increase the life of a road surface by 15 to 22 years, the research says.

"But the bad news is that, as things stand, the cost of the asphalt rises by 50 per cent to 100 per cent so the actual payback is marginal," said Mr Bonomy.

However, the picture might improve if Europe were to follow the example in some states of the US. There it has become law to use crumb to improve drainage and skid resistance.

Britain in brief

Mobile phone connections at record level

The UK's two leading mobile telephone operators reported more than 120,000 net new connections in December, easily the highest monthly total since the launch of cellular networks in the mid-1980s.

Vodafone, the largest operator, reported a net increase of 52,500 in December, taking its total to more than 1m for the first time. Cellnet, a joint venture between British Telecommunications and Securicor, reported a net increase of 68,700, taking its total to 906,000.

The figures point to a boom in mobile telephony, coming after record months for both companies in November. Cellnet made more new connections in December than during the whole of 1992.

Fertility treatment ruling

Health secretary Virginia Bottomley ruled out the use of eggs from aborted foetuses being used in fertility treatment.

She said it was not possible under present legislation which provided "very careful ethical controls. Any centre which gave treatments not permitted would be struck off".

Life insurance sales warning

Telling potential customers the commission they will pay when they buy life insurance will make them shop around and reduce life and pensions business overall, says a survey of sales agents.

About one-third of tied agents – life company appointed representatives – in the survey by the Life Insurance Associations said they would leave the industry if commission disclosure reduced their income.

EUROMANAGERS TO WATCH

Jozef Cornu: 'We have to maintain the dynamism of a small company'

Adapting to change

Jozef Cornu is well-placed to capitalise on Alcatel-Alsthom's rapidly evolving markets, writes **John Ridding**

"I have never been just a technology nut," says Jozef Cornu. But the director of technical affairs at Alcatel-Alsthom, the Paris-based telecommunications, engineering and transport group, has a glint in his eye when he explains the rapid pace of technical change in the telecommunications sector and the business opportunities it creates.

From the development of cellular and cable technologies to the growing importance of software and broad band transmission, Cornu describes in detail the directions of the group's rapidly evolving markets. "Almost anything is possible now," he says, referring to the upheavals in the US and European telecoms industries.

Such enthusiasm about technical matters helps to explain Cornu's ascent to the top echelons of one of Europe's fastest-growing industrial groups. Alcatel-Alsthom's net profits have more than trebled since 1988 to reach an expected FFr7bn ($1.19bn) in 1993. Annual sales have risen to more than FFr160bn. The rise is largely the result of heavy investment in new technology and its applications. As head of these operations, Cornu is at the cutting edge of group strategy.

He is also at the sharp end of several substantial management challenges – how to develop and commercialise technology, and how to do so in a group as geographically diverse as Alcatel-Alsthom.

On the first count he has the advantage of knowing his technology. Cornu completed a doctorate in electronics at Carleton University in Ottawa and has subsequently kept track of the new developments in relevant research. "Not all technicians adapt to business," he says. "But I do not regard it as a disadvantage to know what you are talking about."

Scientific aptitude alone, however, counts for little. For Cornu, it has been complemented by commercial experience gained from a winding career through various technology-based companies.

His first job was at Asea Brown Boveri, the Swedish-Swiss engineering group, where he worked in the research department. In 1973, he joined a subsidiary of ITT in Belgium, his homeland, to start its micro-electronic design activities. Nine years later he was appointed general manager of a telecoms joint venture between ITT and the regional investment company in Flanders and in 1984 he became general manager of ITT's Belgian subsidiary.

The big move, however, came in 1987. The merger between the telecommunications activities of Compagnie Générale d'Electricité and the telecommunications operations of ITT gave birth to Alcatel and brought Cornu into the new company.

Put in charge of the key telecoms switching division, he successfully developed the rival digital systems of ITT and CGE, expanding their combined market share from about 17 per cent then to about 20 per cent today. He was appointed to the Alcatel board in 1988 and to the board of Alcatel-Alsthom, the mother company, in 1992.

The trail, which has led Cornu through Belgium to Canada and Paris and through companies of different nationalities, appears fitting. Alcatel-Alsthom is one of the world's most international business groups, with a management base in Paris, a financial base in the Netherlands, a joint venture with GEC of the UK, and three-quarters of its sales from outside France.

But its diversity also poses a problem – how to manage such a dispersed group and how to harness technology from the group's various research facilities.

For Cornu, the solution is to adapt management to the strengths of diversity rather than to impose a rigid centralised influence. One example is in the appointment of local managers. Whereas Siemens' overseas operations are often headed by Germans, and Ericsson's by Swedes, Cornu argues in favour of local appointments.

"We have national people even at the subsidiary level. We have Brazilians running our operations in Brazil and Australians in Australia," he says. "The biggest benefit is that you can use the talents of many nationalities. The most mobile people in a company are not always the best."

Cornu is also an advocate of decentralisation within each management group. "The greatest danger for big companies is to be too rigidly structured, too formal," he says. "We have to maintain the dynamism of a small company, which involves being open and relatively informal. In that respect we are not a typically French company."

For Cornu this dynamism requires a high degree of delegation. "You have to give people responsibility. You cannot manage through formal reports."

This in turn places a strong emphasis on the appointment of subordinates. "Attracting the best people will continue to be our biggest challenge," he says, arguing that the group's large advertising expenditure is aimed at potential employees as well as clients.

But channelling the various international operations and managing a decentralised group requires a strong system of communications.

At the level of research, Cornu's domain, the solution is partly based on what he refers to as the general relations agreement. Under this agreement, technical information from Alcatel's various operations is pooled and is accessible to all companies in the group. To finance research, each company pays a percentage of sales to a common fund. The application of technology is determined by a research director in Paris.

If communication within the group is an important part of Cornu's management creed, so too is contact with the client. "Just three years ago this was a relatively predictable industry. Now everything is changing very quickly."

The best example is the US where the four levels of telecommunications operators – regional and long distance, cable and cellular – are battling to enter each other's territory.

The result, says Cornu is that Alcatel's customers are no longer "sleeping beauties". They are, he says "much more awake and have much more flexible strategies. I need to have my ear much closer to the ground, to know what customers are doing and to match our research to the changes in the industry".

So far, so good. The rise in the group's sales and profits and its resilience to recession reflect Alcatel's ability to adapt. Having undergone a personal transition from technology to the marketplace, Cornu is well placed to help steer the group through the same transformation.

Tomorrow's bosses are being left to find their own way to the top. **Lucy Kellaway** investigates

Mysterious case of the vanishing career ladder

Once upon a time managers spent their careers climbing the company ladder a step at a time, in a straight line towards the top.

The upward journey taken by today's managers is more circuitous. Now that the old corporate hierarchies have been dismantled, the ladders have gone and it is often unclear what counts as the next step up.

Moreover, in many companies there is no longer a paternalistic personnel department showing ambitious employees the way. Now that everybody is "empowered", they are meant to "own" – ie be responsible for – everything, including their careers.

This laissez-faire approach to nurturing tomorrow's managers came under attack at a recent seminar in London attended by personnel directors of large British companies.

According to Andrew Mayo, director of human resource development at ICL, many aspiring high-fliers are getting lost, and may even be leaving their jobs because they feel stuck. "I listen to people who say that 'there used to be five slots between me and the top. Now I can't see the way forward, so I've decided to go outside'."

A survey conducted by GHN, the management consultancy which hosted the seminar, shows that 19 out of 20 companies believe it is important to develop high-fliers. Yet half do so passively, arguing that the full responsibility for career progression should rest with the individual, not with the company. Indeed, many of these companies now frown on the very word "career", preferring instead the vaguer euphemism "personal development".

Yet the task for which top managers are being groomed – or grooming themselves – is increasingly onerous. The days when someone could rise through a single department such as marketing or finance and emerge at the top, are gone. Business leaders need broad experience of different functions, and different markets. They need strategic vision, political skills, communication skills, team leading skills, a clarity of mind as well as the ability to change and be flexible. It is a tall order.

Mayo argues that companies wanting to help equip managers for such a role must intervene to make sure that the right training and experience is going to the right sort of people. "If you want to develop true general managers you need to help them and make interventions."

He also argues that if you leave it to the aspiring managers themselves you may miss some people with real potential. He says the laissez-faire approach penalises women: "The kind of person who pushes themselves needs to do it 24 hours a day," he explains.

Deciding to intervene is one thing – getting it right is another.

Companies pick out their high fliers in a bewildering variety of ways. Some, such as Amstrad, have traditionally gone for a seat of the pants evaluation, leaning heavily on the culture and style of Alan Sugar, the company's founder.

At the other extreme are the multinationals – IBM or Shell, for example – which use complicated systems of appraisal, often backed up with high-tech wizardry, that plot the career profile of individual managers and map that against the needs of the company.

Having selected the high-fliers, companies develop them through a mixture of outside training and work experience: and both routes are strewn with obstacles.

Sheila Forbes of Reed Elsevier argues that companies are too willing to pay enormous sums on training tomorrow's bosses, sending them to business schools without any clear idea of what they are getting out of it. "Often the standard MBA approach doesn't help. The problem is how you get the management trainers to work with you, rather than simply adopt an MBA approach. We need to ask ourselves if we are demanding enough as clients of the providers of management education". She says it is a mistake to put someone through these courses (which might take them out of the office for two or three months) only to return them to the same job afterwards. "During those courses people move on, and they want a new challenge when they come back."

Practical problems of moving people around the organisation can be even greater still. Blue Circle, the building materials group, owns a number of autonomously-managed companies. It believes that top managers do not make themselves, and that candidates for the top need experience of different parts of the group. Without stage managing from the centre it would be impossible for managers to jump from one subsidiary to another.

To meet its needs, Blue Circle has developed a five-to-ten year management succession plan, and is moving its hand-picked managers round the world, to ensure that each will have the right sort of experience for a future at the top. "In theory it is simple," says Peter Mutter, personnel director. "We ensure there is enough training so they have a tool bag of skills and then we supplement that with experience."

However, the company has found that its subsidiaries blanch when they are asked to give up their high fliers so that they can get more experience working for another part of the group.

The answer, says Mutter, is to negotiate each case, in some cases giving in, in others holding out.

Some companies doubt the worth of such an interventionist approach. In particular, they argue there is little point in drawing up a detailed corporate plan for the future and then attempting to train the people to fit that plan. "Five years ago we used to look at the business plan and then at the people," says Mike Haffenden, director of personnel at Hewlett-Packard (UK). "Now we don't know what the business plan is. So we help individuals grow as people first."

BUSINESS AND THE ENVIRONMENT

Farmers Weekly

Windswept acres: Visitors tour Stanaway Farm which is now reaping the benefits of a 1970s tree-planting scheme

Deborah Hargreaves considers an initiative which combines 'green' agricultural methods and profitability

Farmers turning over a new Leaf

Trees planted in the late 1970s are beginning to provide shelter on the windswept acres of Stanaway Farm near Ipswich in Suffolk, and wildlife is creeping back to the borders of wheatfields where new hedges have now rooted.

Chris Hayward, who manages the farm, tries to use environmentally-friendly methods of production while still making a profit.

"I hope we are addressing many environmental issues in the public eye," he says. He still sprays pesticides and fertilisers, but cuts down their use by rotating crops regularly and analysing the soil to plan more carefully the amounts of chemicals to use.

Hayward follows the low input/low output approach adopted by advocates of "sustainable" farming – a current buzzword in the agricultural community – and still manages to make a profit of more than £100 per acre.

Stanaway recently became the latest holding to join the Leaf initiative – Linking Environment and Farming – which was set up two years ago in the UK as a way of encouraging farmers to produce in a more environmentally-sensitive way.

Leaf is also partly a public relations exercise in an attempt to change the popular image of farmers as antediluvian carnivores splashing pesticides across the land.

"Farmers have an image problem," says David Richardson, a Norfolk farmer who is chairman of Leaf. "Farmers will often preserve hedgerows and protect habitats because they need them for shooting pheasants. They don't call this conservation, they call it shooting."

The greater environmental awareness among the European public is encouraging many farmers to produce in less intensive ways. In addition, recent reforms of the Common Agricultural Policy have laid increased emphasis on more environmentally-friendly methods of production.

Some farmers are replanting hedges that were torn up in the drive to maximise profits in the 1960s. They are leaving wide margins at the edge of their fields so that weeds from the hedges do not seed into crops which means they can then use fewer herbicides.

Leaf is one of several organisations trying to show the public that farmers are doing much towards conservation while also running commercial farms. It treads a middle road between the often unprofitable organic farms and highly-intensive producers.

Richardson stresses that Leaf farmers are responding to financial incentives to cut down on their use of chemicals. It is often cheaper for producers to match their inputs of chemicals more closely to optimum crop yields. This minimises the leaking of chemicals into the land and eventually, the watercourses.

At the same time, there is no longer any need to splash out on fertilisers and pesticides in the hope of squeezing every last bushel of grain from the land. The public is weary of EU food mountains and Brussels is reducing guaranteed prices to farmers.

These price cuts and the need to move towards world market levels for EU farmers can give a marketing advantage to those who are using "greener" production methods. "One of the ways the farmer will be able to make his products more attractive to the consumer will be to ensure the customer knows they were produced in an ethical way," says Richardson. Large retailers such as J. Sainsbury, Marks and Spencer and Safeway have joined the organisation to provide the link to the consumer.

All Leaf farms have to abide by a set of guidelines on conservation. Other specific advice for growing certain crops is also stipulated. Although guidelines such as minimising inputs are often unspecific about target levels, Leaf farmers must undergo a rigorous inspection process before they can join.

One Leaf farmer, Robert Lawton who has a 1,500-acre dairy, arable and beef farm in Wiltshire, recently won the Farmers Weekly and Dalgety award for farmer of the year.

"One of the most important things from an environmental viewpoint is that Leaf farmers are maintaining countryside features and habitats in good health," says Paul Wynne, land use officer at the Council for the Protection of Rural England, who sits on the Leaf advisory board. "These farmers are preserving the hedgerows and ponds – commonplace features which farms can lose without many of us even seeing it."

In December, Stanaway became the 14th Leaf demonstration farm, which means it will be open to touring parties of opinion-formers such as members of parliament, local councillors, teachers and agriculturalists. The idea is to influence other farmers as well as the public.

Leaf aims to have a network of demonstration farms with one in each county on show in the next couple of years. In addition, it has around 30 other members which adhere to its principles, but do not want to show the public round.

As a way of reaching out to more farmers, Leaf recently sent out an environmental audit to more than 200 farms to gauge their awareness of green issues. The audit aims to help farmers to take stock of their existing farming methods. It asks them questions about landscape features and habitats on their farms, management of the soil, crop protection and conservation of energy.

Caroline Drummond, Leaf project co-ordinator says she thought the audit "had made people think". She hopes farmers will fill in the questionnaire every year and record their progress on environmental issues.

Leaf, which is part of a wider European movement with offshoots in Germany, Spain and Sweden, is partly funded by the large agrochemical and related companies – Schering (Germany), Dalgety (UK), Willmot Crop Protection (UK), Ciba (Switzerland), and Hydro Agri (the UK offshoot of Norsk Hydro of Norway) – anxious to promote a "greener" image.

They also hope to preserve a market which could be restricted by a public backlash against using chemicals on the land.

Islanders count the cost of climatic change

Two cyclones in 18 months have left Samoans with a sense of unease and a $500m bill, writes **Joanna Pegum**

Two years ago, Western Samoa was recovering well from Cyclone Ofa, the worst storm to strike the Pacific island state in 20 years. The last thing it needed was another large cyclone – but barely 18 months later came Cyclone Val.

Cyclone Ofa caused $200m (£134.2m) worth of damage and Cyclone Val brought the total cost to $500m.

Despite a big clear-up, the devastation is still evident in many parts of the country. A sea wall has recently gone up in the capital, Apia, and whole villages remain deserted on the badly-hit western side of the islands. Several hotels closed and have not reopened.

"We were still recovering from Ofa when Val came," says Wes Ward, information officer for the locally-based South Pacific Regional Environment Programme.

Much of the damage caused by Ofa was coastal – it even destroyed houses on a 30m clifftop. Waves washed away the road to the airport in several places, and while the runway was not affected, damage to the airport buildings meant that no planes could land for three days.

It was so long since the islands had suffered such a severe storm that many trees had grown up, only to be blown over and uprooted, bringing down power lines and dislodging pipes. Samoans were left without power for five weeks and without water for seven. Food crops were devastated, and 80 per cent of the population relied on emergency food aid for three months.

While Ofa was considered the worst storm in 20 years, Val was the storm of the century. It raged for four days, looping back on itself once it had passed the island of Savai'i, with wind speeds averaging 100mph and gusting up to 150mph. "Strong winds from the south are very unusual," says Noumea Simi, head of the government's aid division. "Now we don't know what to prepare for – it could come from anywhere."

As a wind-based cyclone, Val caused greater devastation than Ofa, especially to buildings, including schools and hospitals, with repair bills running to Western Samoan Tala 336m (£114m). Roofs were ripped off and leaks damaged electrical wiring and interiors of houses.

Substantial damage was inflicted on 90 per cent of the buildings on Savai'i and 80 per cent on 'Upolu, the country's two main islands.

Overseas aid proved to be crucial – and the expatriate Samoan community in New Zealand was particularly generous.

The Samoan government responded by suspending import duties on building materials – even though vast numbers of trees had fallen, the islanders were still short of materials. Rehabilitation is not yet complete, but more than half of all families have been able to rebuild their homes to their original standard.

"You definitely thought your life was in danger . . . There was no contact with the outside world"

"I couldn't find where my house used to be," says Pene Lefale, a Samoan worker for Greenpeace. Many families took refuge in the sturdy concrete water tanks found in every village, or even in Savai'i's caves. A few were unlucky and had only a fence for shelter. "You definitely thought your life was in danger," adds Lefale. "There was no contact with the outside world. The weather here has been more extreme on all fronts – the rains have been heavier, and it has been hotter and more humid. We've realised we've entered into something we've never experienced in our lives before."

Apia's main street, Beach Road, and its major intersections were badly damaged by the cyclone, and one bridge had to be totally reconstructed. The harbour was destroyed, though not the new container park, and the ferry building, transit sheds, stores and warehouses all had damage to their roofs and or walls put at WST10.9m.

However, roads in the less populated island of Savai'i got the worst of the cyclone: substantial stretches were washed away and pavements were badly affected. The east coast road on 'Upolu suffered extensive destruction, and an EC-funded reconstruction contract needed to be extended by two months, bringing the total road repair bill to WST24.7m.

Food crops were the worst affected, with damage to bananas, breadfruit, vegetables, taro, and other root crops put at 100 per cent – a WST44.2m cost to the country.

Supplies lasted only a few weeks, and food supplies were critical for months. It is likely to take several years before tree crops (estimated at 90-100 per cent damage and put at WST29m) can grow to fruit-bearing size. Half the country's livestock was lost at a cost of WST12.5m.

The forestry industry was also badly affected, with the loss of native forest timber put at WST100m. Total primary industry (agriculture) losses amounted to WST200m.

Although the cyclone caused catastrophic damage, local people were quick to repair their homes, hauling on roofs and tidying up. As Noumea Simi says, "a lot of people took the initiative, no one hung around and waited for the government to help them." "People were very resilient," Lefale says, "they went from village to village to help – it really brought the country together."

With two once-in-a-lifetime cyclones in 18 months, many Samoans are heeding warnings on climate change and wondering when they will be struck again. They have particular cause to worry, as Cyclone Val put an end to cyclone insurance for many people. National Pacific Insurance now insists on a certificate from a structural engineer and asks for extra premiums for cyclone insurance – too much for most people or businesses to pay.

PEOPLE

Former shipmate comes aboard

It is perhaps appropriate that one of the first shore jobs taken by Sir Julian Oswald, who stepped down as Chief of Naval Staff earlier this year, is to join the board of an old shipping company whose directors have just mutinied. Sir Julian, 60, has become a non-executive director of Barrow-in-Furness-based James Fisher following the ousting of John Hornby, the 48-year-old chairman.

Sir Julian (right) has been brought on board by Sir David Hardy, a former finance director of Ocean Transport and one of two non-executive directors who joined the Fisher board at the end of June.

Sir David, a director of several companies including Hanson, is an old friend of Sir Julian. Sir David used to be chairman of Swan Hunter which built HMS Worcester, one of Sir Julian's last commands, and Sir Julian arranged for Sir David to go to sea on a Nato exercise.

Sir David says he had wanted to recruit someone to the board who could help restore the low morale at Fisher, which expects to lose money in the current half year.

He added that John Hornby, who has been chairman and chief executive for the past four years, was an accountant and not a "people person".

Pressure for change at the top of James Fisher, which manages several British Nuclear Fuels ships in addition to its large short-sea fleet, came from the charitable trusts which control nearly half its equity. The company cut its dividend sharply last year and passed its interim dividend this year, substantially reducing the trusts' income.

Sir David has taken over as acting chairman but has hired Sir John Trelawnay of headhunters Goddard Kay Rogers to look for a replacement and a new chief executive. In the interim, Trevor Hart, 43, managing director of the firm's Coe Metcalf Shipping, becomes acting managing director.

■ **Seamus McBride**, formerly general manager, oral care, Europe, for Colgate Palmolive, has been appointed marketing director of BASS Brewers. **Simon MacDonald** has been promoted to md of Bass Export. **Peter Thomas** has been promoted to md of Bass Lease Company.

■ **Stephen Walker** has been promoted to group and company secretary of EUROTUNNEL; he succeeds **Peter Ratzer** who remains director, corporate finance.

■ **Jim Marshall**, formerly commercial director of Custom Foods, part of Heinz, has been appointed finance director of COW & GATE NUTRICIA.

■ **Mike Whiddett**, former vice-president finance of Galileo, has been appointed finance and administration director of OGDEN AVIATION SERVICES.

■ **Brian Mottershaw**, chief executive of British Salt, has been appointed to the board of the parent company, STAVELEY INDUSTRIES.

■ **Stephen Henton** has been appointed company secretary of AMERSHAM INTERNATIONAL; **Kirk Stephenson** remains finance director.

■ **Ian Black**, human resources director of NCR's Europe group, has been made responsible for group human resources at SIDLAW.

■ **David McBeath**, formerly director of Hoechst Veterinar, has been appointed chief executive of GRAMPIAN HOLDINGS' veterinary pharmaceutical division; **Bob Bridgeman**, who currently holds both roles, remains executive chairman.

■ **Jon Walden**, md of Lex Vehicle Leasing, has been appointed to the board of LEX SERVICE.

■ **Graham Tranter** has been appointed director of IMI Components and general manager of IMI Nuclear Components, IMI Amal and IMI Reeves.

■ **Terry Damer** has been appointed to the new position of director – international newspaper developments of the FINANCIAL TIMES; **Jane Scott** has been promoted to marketing director (UK).

■ **Lee Brewer**, previously vice-president worldwide sales group, based in Boston, US, of POLAROID, has been appointed senior vice-president Europe, based in Middlesex.

■ **Roger Quenby**, director of Hewden Hire, and **Ray Ledger**, md of Hewden Stuart Crane Hire, have been appointed to the parent board of HEWDEN STUART.

■ **Sean Brady** has been promoted to chief executive of Minch Norton, part of GREENCORE.

■ **Mike Bowskill** has been promoted to manufacturing director of Northern Rubber, part of TOMKINS.

■ **David Owen**, formerly human resources and quality director of TSB, has been appointed human resources director at FORTE.

Lenton resigns

Ingram Lenton has resigned from his position as non-executive chairman of Compass Group on grounds of ill-health. He is also giving up his post as chairman of Watts Blake Bearne.

Lenton had been with Compass, which lost its then chief executive, Gerry Robinson, to Granada, in 1991, since 1987. The chairmanship will temporarily be taken over by Robinson's replacement as chief executive, Francis Mackay, though he said yesterday that the company hoped to place a new non-executive chairman "during the first quarter of the new year".

At WBB, where Lenton had been for six years and its chairman since 1991, he will be succeeded by Michael Beckett, a director and deputy chairman since May 1992. Lenton's place on the board will be taken by Alan Lesser who, until he retired in June 1993, was chief executive of RTZ Borax & Minerals.

■ **Raymond Edwards**, chairman of Charles Sydney, has resigned as a director of the ALBERT FISHER GROUP.

■ **Gerald Tyler** is retiring from RMC GROUP.

■ **Alan Taylor** has left the board of GOODE DURRANT.

■ **Norman Price** has resigned from TRIPLEX LLOYD.

Non-executive directors

■ **Ian Martin**, deputy chairman of GrandMet, and **Bill Mathieson**, md of City of London Real Property, at HOUSE OF FRASER.

■ **John Goodwin**, chairman of The Highland Distilleries Company, at A.G. BARR.

■ **Jack Leonard**, chairman of Eurotherm, as chairman at BRITISH TECHNOLOGY GROUP on the retirement of Sir Colin Barker.

■ **Jeroen Schothorst** has resigned from HI-TEC SPORTS.

■ **Michael Howell** at FENNER.

■ **Kenneth Andrew**, former chairman and chief executive of Aetna Financial Services, at DBS MANAGEMENT.

■ **Michael Hampson, Alan Perelman and Christopher Wilkins** at WHITBREAD INVESTMENT COMPANY: **John Henderson, John Hignett, Lionel Ross, Sir Charles Tidbury, Sir Anthony Tuke and Sam Whitbread** have resigned.

■ **Graham Chambers**, head of human resources at NatWest Markets, **Kirsi-Marja Kuivalainen**, vice-president of human resources at Nokia Group, **Robert Meakin**, director of personnel at British Aerospace, and **Paul Williams**, director of group personnel at Glaxo Holdings, at EMPLOYMENT CONDITIONS ABROAD.

■ **Granville Camsey**, md of group technology at National Power, at E.A. TECHNOLOGY.

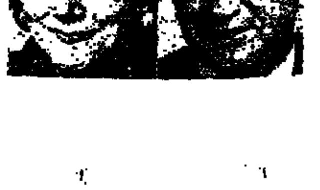
■ **Anthony Habgood**, chief executive of Bunzl, and **Michael Hoffman**, deputy chairman and group chief executive of Thames Water, at POWERGEN.

■ **Douglas Hudson**, who runs his own management consultancy, at FORWARD GROUP.

■ **Anthony Canning-Jones** at BEVERLEY GROUP.

■ **Pauline Hyde** (below left), founder and former chief executive of Pauline Hyde & Associates, as UK chairman of LEE HECHT HARRISON.

■ **Robert Wickham** (below right), retired general manager of the Bank of Scotland, at SECURE TRUST GROUP.



Television/**Christopher Dunkley**

Bizarre saturnalia

When the social history of the world comes to be written, the saturnalia in late 20th century Britain will make a bizarre footnote. For two weeks in midwinter the nation closes down. Any days which are not weekends are declared bank holidays. Transport comes to a halt. Dustbins, though abnormally full, remain unemptied. Postal services cease. The streets are deserted. And what is the population doing? Watching television.

As darkness falls at four in the afternoon visiting Martian sociologists patrolling the roads would observe flickering electronic light seeping from countless front rooms. Inside, in an atmosphere of pine needles, turkey soup, and family tension, people sit and watch for hour after hour as the entire history of American cinema is played out on the box: from the silent antics of Harold Lloyd, via the astounding insults of Groucho Marx, to the *fin-de-siècle* nostalgia of Michael J. Fox in *Back To The Future III* (actually a hymn to an idealised Wild West) and Kevin Costner in *Field Of Dreams* (an anthem to an idealised society where baseball provides the values that the English once projected onto cricket). The oddest thing is that this weird ritual grows longer every year, even though it is impossible to find anybody who claims to enjoy it.

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Having long ridiculed the French for their xenophobic panic over "American cultural imperialism" and their efforts to use the power of the state to force fellow countrymen to stop watching American films and programmes and watch French ones instead, it may seem odd, now, to start complaining about American content on British television. But what matters, surely, is the difference between coercion and persuasion. It is wrong to try to legislate against public taste but right to scold ITV for offering us such a cynical schedule on Christmas Day. Between 6.00 in the evening and 3.30 in the morning they screened four American movies, one documentary about an American songwriter, a half hour programme about American cinema, and 10 minutes of news. To make matters worse, the films were announced by a man with an American drawl who said "Eye Dee Vee and Diet Coke pre-zent eh movie prer-mere" (to rhyme with "revere"). Why? What is wrong with English? Perhaps the drubbing that ITV took from BBC1 in the ratings battle will persuade the commercial network to mend its ways. True, BBC1 did screen an American movie at 9.10, but the rest of the comparable period was all-British, from *Only Fools And Horses* to the mandatory repeat of *The Morecambe And Wise Christmas Show*.

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And were there really no worthwhile original programmes during the great Christmas splurge? From Christmas week itself four were worthy of remembrance. *The Wrong Trousers*, Nick Park's second animated cartoon featuring Wallace and Gromit, not to mention a sinister penguin, will probably win as many awards as his brilliant first work *Creature Comforts*. Shown on BBC2 at teatime on December 26, it should and no doubt will be repeated ad infinitum.

Guys, Dolls And D-Wing on BBC2 on December 29 was a white whale of a documentary: an account of events inside prison which was unlike all the other prison documentaries you have ever seen. Watching the pro-am production of a musical inside Wandsworth gaol, you suddenly realised that while sewing mailbags or listening to sociology lectures would never change these men, fulfilling the extraordinary requirements of a stage musical just might. It was tremendously heartening.

On the same night *Hookers, Hustlers, Pimps And Their Johns* (C4) was disappointing even though it was so unusual as to remain memorable. Perhaps we were expecting too much because Beeban Kidron had done so magnificently well in directing *Oranges Are Not The Only Fruit*. Here, with her documentary review of sex-for-sale in New York, there was a lack of cohesion. It was brave and honest, and neither glamorised nor demonised the protagonists, but as a programme it might have worked better if the fat young pimp, "Junior" (who did an amazing consumer survey of street walkers with the camera on the floor of the limo) had acted as host throughout.

> *People sit and watch for hour after hour as the entire history of American cinema is played out on the box*

The Railway Station Man on December 30 was promoted as the film in BBC2's "Screen Two" series which brought together Julie Christie and Donald Sutherland for the first time since their splendidly erotic bedroom scene in *Don't Look Now* 20 years ago. Both, though especially Christie, still looked good and, sure enough, there did still appear to be some sort of electric charge between them. The drama, scripted by Shelagh Delaney from a book by Jennifer Johnston, seemed deceptively slight, in the manner of William Trevor. A story of love, politics, and the baffling power of art, it keeps on growing in the memory.

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And now, in the past few days, new series have begun to stream onto the screen. *Health And Efficiency* (nothing to do with monochrome photos of air-brushed nudists) on BBC1 on Thursdays is that rare phenomenon, a new British comedy which looks as though it may actually prove funny. The hospital setting is nothing new, but having marketing experts and a management gorgon at the centre of affairs is. No promises, mind, because opening episodes can be irritatingly unrepresentative, but this appears to have potential.

On paper *Broadway Stories* (Channel 4, Saturdays) also looks like a winner, but not on screen. Mike McShane, the outsize Canadian known from *Whose Line Is It Anyway* and as Sandy Toksvig's partner in *The Big One*, narrates Damon Runyon stories. We know how effective the lone actor/narrator can be from Alan Bennett's unforgettable *Talking Heads*, and McShane has shown himself to be a gifted comedy actor and possibly even a talented comedian. Yet the first episode did not work. Having McShane cook himself up a hot drink in a freezing New York apartment while telling the story was oddly distracting.

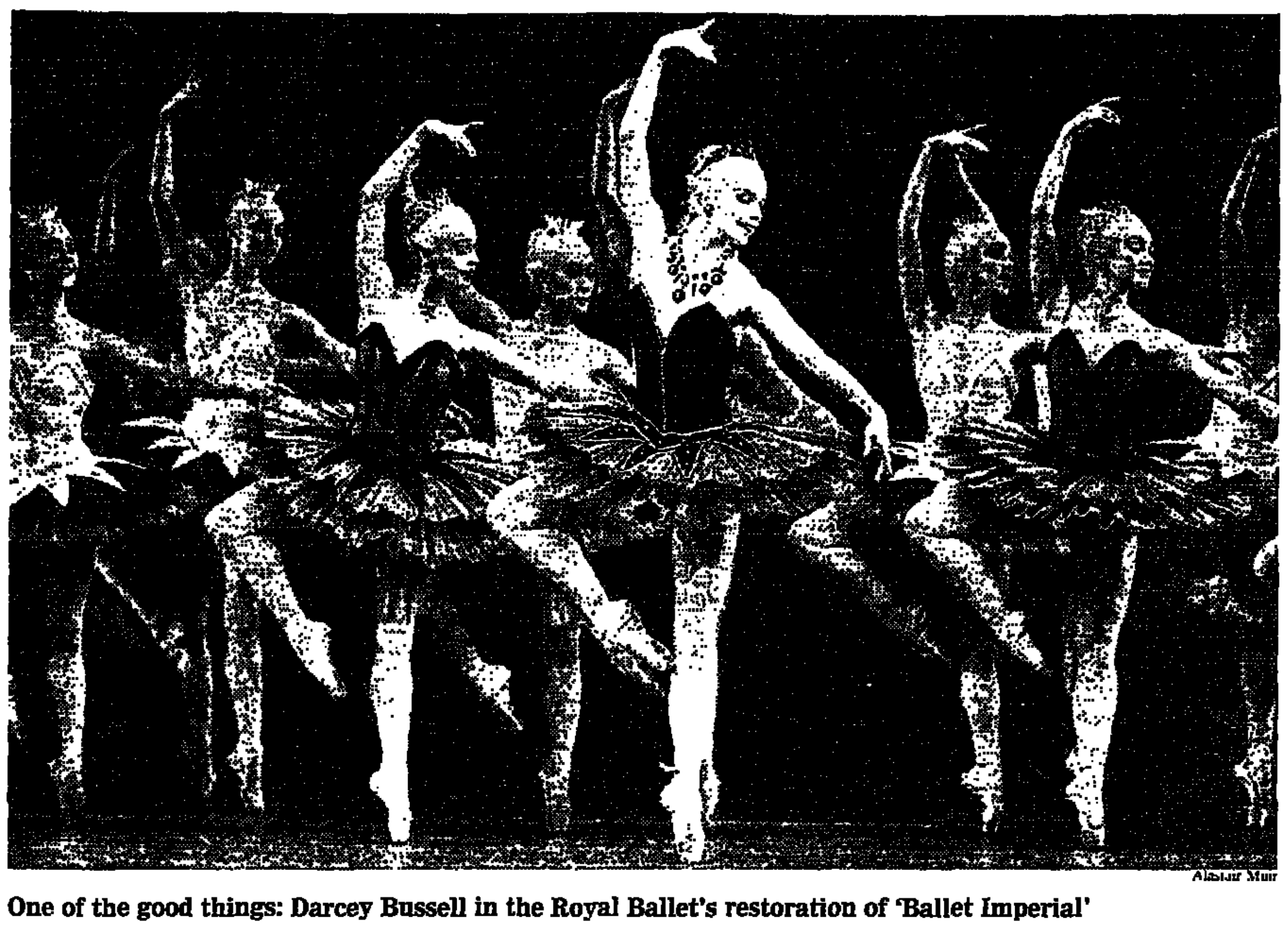
BBC1's new Sunday teatime serial, *Smokescreen*, may be popular, and it certainly has strengths: a reasonable budget by the look of things, Timothy West in a leading role, and an interesting milieu – early cinema in northern England. Unfortunately, like so many previous British costume dramas, this one appears to be in love with its period artefacts and locations. From the museum-condition vintage motors to the cobbles in the street, nothing is allowed to pass without a loving caress from the camera and a nudge to the viewers; after all, children may be watching and they need to have such things brought to their attention. This is British steam train drama of the most mannered sort . . . though the story may yet prove strong enough to distract us.

It seemed odd for BBC2 to screen the two-part *Art Of Conducting* on BBC2 on Sunday and Monday so soon after the jokey and telling *Omnibus* on BBC1, "Everything You Wanted To Know About Conductors", although this BBC2 offering was a more classic documentary. A veritable catalogue of clips showed how keen Hollywood and television have been on these artistic show-offs, and indicated again what a significant tool television has become in modern history. Here is one more subject where television is obviously far more powerful and useful than any book.

The first episode of *Auction* (BBC2 again) was schemed in such a way that events inside Sotheby's were made to seem as exciting as, and not unlike, the proceedings at those *Antiques Roadshow* rallies. A £4.5m Goya with impeccable provenance was the centrepiece of a sale which also included a Dutch panel painting taken from under her bed by a woman in Stockport and sold, at £33,000, for twice its estimated value. More revelations about Sotheby's charges (one per cent of the hammer price and £500 catalogue charges to the vendor) would be even more interesting.

It will be surprising if there is a better classic British thriller this year than *A Dark Adapted Eye*, shown by BBC1 on January 1 and 2. A story of secrets within a middle class family, of eccentricity bordering on madness, of suppressed emotion in rural communities, and hidden passion abroad, it was an outstanding example of what has become a strong tradition in British television. Yet again Celia Imrie, this time playing a quietly neurotic wife buried in a picturebook Suffolk cottage, gave a performance of great intensity and power. Though it broke no new ground, this production created an atmosphere and a sense of period that you could almost smell and feel.

If there is as much good television in every other week of 1994 as in Week 1 we shall have nothing to complain about.



Alastair Muir

One of the good things: Darcey Bussell in the Royal Ballet's restoration of 'Ballet Imperial'

Ballet in 1993/**Clement Crisp**

Dance is at the crossroads

The year is going, let him go;/Ring out the false, ring in the true. Such Tennysonian thoughts could be those of dance-lovers after twelve months of false ballets; false dancing; false dealing; false repertories, and false seasons.

A critic's – this critic's – acounts for 1993 are dismaying. Artistic falsehoods abounded. How else to explain the Royal Ballet's diabolical version of *Don Quixote*, in which not one single ingredient – design, text, score, production, performance – was right, and a wonderful old ballet was served up, in Coral Browne's memorable phrase about an actor "like two tons of condemned veal". Consider, too, Glen Tetley's *La Ronde*, which was deposited on the Opera House stage like an old Wienerschnitzel, with the activities of its copious scenery more interesting than the relentless grind (in any sense of the word) of its choreography. This was the year of David Bintley's gnat-busy *Tombeaux*, and of his awful misreading of *Sylvia* for Birmingham Royal Ballet. We were also faced with less than triumphant novelties in a recent programme that went under the witless title of *White-hot and Different*, with another piece from William Forsythe to hit out at us, short but aggressive, like a child mugger.

The restoration of *Ballet Imperial* with nearly all the glorious Berman designs, albeit not quite enough of the glorious dancing, was good news, as were Irek Mukhamedov's appearances as Balanchine's Apollo (a grand hellenic torso) and the Prodigal Son. He was also outstanding as Romeo, in *Judas Tree* (which looked very fine), and seemed like Sisyphus as he tried to give some momentum to *Don Quixote*.

Nina Ananiashvili was seen at the Opera House as a grand and Russian Firebird (with Stuart Cassidy an excellent Ivan), and Darcey Bussell showed an ideal physical sympathy for her Balanchine roles – clear and ardent. Debut of the year at Covent Garden was Sarah Wildor's memorably intense and luminous Juliet, exquisite, bright with promise.

Also on the side of truth, Birmingham Royal Ballet brought Ninette de Valois' noble *Job* back to Covent Garden, and then took it to Coventry cathedral (Dame Ninette had long hoped to see it in such a setting). We admired Marion Tait and Miyako Yoshida, and the return of Massine's *Choreartium* showed the troupe at its best. Standards of classic dancing were otherwise less sure, and both *Sleeping Beauty* and *Romeo* were under-manned.

English National Ballet gained Derek Deane as a welcome new director, put on a serious Bolshoi-style *Swan Lake* and a traditional *Sleeping Beauty*. The best news was that Deane had started to polish the ensemble: performances in *Beauty* looked truer, sharper than for years. Thomas Edur remains a shining example of aristocratic style allied to dramatic sensitivity, and is thereby unique on our ballet-scene. The indomitable London City Ballet – which, I must suppose, Heaven rather than the Arts Council is determined to save – closed and then re-opened. Hurrah! Hurrah, too, for Kim Brandstrup's Arc Dance, also not favoured by the Arts Council, which continued to produce valuable dance with Brandstrup's *Antic*.

The year's abundant falsities included suspect and fearsome goods from home and abroad. I list, from a sense of duty but with considerable distaste: Maurice Béjart's Lausanne troupe which brought farragos about Chaplin and Italy that were a vexation to the spirit, and vehicles for Sylvie Guillem (*Sisi*) and Koen Onzia (*The Miraculous Mandarin*, with Onzia as a transvestite tart) which were made bearable by their central performances. The ill-named *Stars of American Ballet*, Prague Festival Ballet, Batsheva from Israel, Nederlands Dans Theater 2 (wonderful dancers; insupportable repertory) and Nederlands Dans 3 (sheltered accommodation for dancers over 40); Scottish Ballet looking glum in an unlikely *Anna Karenina*; the Cholmondelys and the Featherstonehaughs in the tiresome *Precious*; Northern Ballet Theatre in a spirit-lowering triple bill and an inexcusable *Cinderella*; an apotheosis of Euro-trash in The Place's *Dance Workshop Europe*: these, and many more, celebrated the rule of the tasteless or the inept.

The single worst event of the year – and like the Chinese water torture it was slow and inexorable in its eight weeks of inadequacy – was the Anglo-American television survey *Dancing* on BBC2, which combined garrulity with political correctness and a stupefying inability to cope with its subject. And as the apotheosis of what was wrong with 1993, let me cite the proposed re-shaping of London Contemporary Dance Theatre (a troupe of which we can be unabashedly proud) and the anticipated expansion of Rambert Dance which, without Richard Alston, (who gave it an uncompromising but clear image), is an unknown quantity. Contemporary dance is at the crossroads – and that is where the dirty work takes place.

There were, though, great truths on view. The New York City Ballet's eight week Balanchine Festival, featuring 73 of the master's works, was a grand achievement, made even more glorious for me by the performances of Kyra Nichols, who can do no wrong. I reported with greatest pleasure on performances at the Paris Opera where the repertory is lively, and the dance is radiant, both from such étoiles as the flawless Elisabeth Platel, Manuel Legris and the recently promoted Nicholas LeRiche , and from serried ranks of hugely gifted youngsters. Twyla Tharp's company and her dances also looked very good on a visit to the Paris Opera.

Our own major visitors came from Russia. The Kirov made an odd impression at the Coliseum. Their version of the Lavrovsky *Romeo* was a mistaken choice; the omnipresent and flashy Julia Makhalina was not the best advertisement for Petersburg classic style, and Farukh Ruzimatov removed himself after a few self-parodying performances. Happily, certain younger ballerinas – Irina Shapchits, Veronika Ivanova, Larissa Lezhnina – and the corps de ballet were there to tell us of Kirovian excellence.

The Bolshoi stormed the Albert Hall. Here, I fear, is the shape of ballet to come: huge arena, pop presentation, expensive tickets, dance as a gladiatorial art, and seek in vain for many niceties of style or choreography. Big ballet equals big bucks. The Grigorovich repertory can sustain this exposure; the traditional classics looked bleached, beached. There were heart-whole performances from the Bolshoi's dancers, with such newcomers as Andrey Uvarov, Sergey Filin, Yury Klevtsov, Elena Palshina a delight to see. And at the Edinburgh Festival, Mark Morris – despite losing his theatre – reasserted the rule of fine and subtle choreography with his thrilling *Liebeslieder Waltzer* and a triple bill, appreciatively recorded here by Alastair Macaulay.

In surveying the year, certain things must be recalled with especial gratitude. I have mentioned the unflawed dancing of Elisabeth Platel and Kyra Nichols. The appearance of Mikhail Baryshnikov with the White Oaks Project for two nights at *Sadler's Wells*, showed us sublimest artistry. At an age when most male dancers have hung up their shoes, Baryshnikov – in pieces by Twyla Tharp and Mark Morris – was as brilliant, as rhythmically vivid and physically exhilarating, as the young divinity we first saw in 1970, and the great artist we knew in the succeeding decades. It was miraculous dancing, life-enhancing. And Life-enhancing in a very different way was a performance by Amici, a group of men and women variously and seriously handicapped, who, under the leadership of Wolfgang Stange, produced a dance piece (*The Journey*) which spoke eloquently of their problems, of their aspirations, and of their gifts. Unlike much of what 1993 brought us, Amici's work is of great value.

Theatre/**Malcolm Rutherford**

A Christmas Carol

Patrick Stewart, and Charles Dickens, plainly have a dedicated following. At the end of his one-man performance of *A Christmas Carol* at the Old Vic, Stewart received an immediate standing ovation. And in the last 20 minutes of his two hour show one can see why: as the reformed, beneficent Scrooge, Stewart is totally in command of his material and his audience.

Not that there were lapses before; the technique is always there. Any reservations are about how far it is possible to reduce the Dickens novel to a solo show. When people were reputed to have known *A Christmas Carol* by heart, perhaps. They would have picked up every nuance and minor character and gone along quite happily with the sequence of the ghosts of Christmas.

A lot of people still do. Never having developed a taste for Dickens, I shall defer to them, save to say that much of it seems maudlin and repetitious and that *unless* you know the story by heart, you may find a one man version confusing and irritating.

My only other criticism could be a compliment. Stewart's opening Scrooge – the hard man – does not seem such a bad old stick. When someone wishes him "Merry Christmas", he replies "humbug": not an uncommon sentiment. Possibly this a deliberate interpretation. Underneath the mean old Scrooge, there was always a generous soul waiting to break out. The simpler explanation, however, is that Stewart is much better playing Scrooge, good or bad, rather than all the other characters as well.

The Old Vic is a biggish theatre with a large stage. On the first night it was packed. Despite the seasonal coughing, Stewart held the audience throughout. He knew his performance was working because after going through an hysterical burst of laughter, he suddenly ad-libbed: "For a man who has been out of practice so long, that was a brilliant laugh." Applause all round.

For the last six years or so Stewart has given his talents to Hollywood and television. Here is a welcome re-appearance. As an actor he has a lean and hungry look. One hopes that the Royal Shakespeare Company, of which he is still an honorary member, can tempt him back to greater parts.

Old Vic until January 8. (071) 928 7616

INTERNATIONAL ARTS GUIDE

■ BONN

Oper This month's repertory consists of Valery Panov's new production of Prokofiev's ballet Cinderella, Cav and Pag, Yuri Lyubimov's staging of Jenufa and a new production of Les Contes d'Hoffmann, opening Jan 23 (0228-773667)

■ BORDEAUX

Palais de Sports Tonight; tomorrow: Hans Graf conducts Orchestre National Bordeaux Aquitaine in works by Hindemith, Saint-Saens and Brahms with violin soloist Frank Peter Zimmermann (5648 5854)

Grand-Théâtre Fri, Sun afternoon, next Tues and Fri: Karl Anton Rickenbacher conducts Jérôme Savary's production of Die Fledermaus (5648 5854)

■ COLOGNE

Philharmonie The programme over the coming week is dominated by Karlheinz Stockhausen, who directs his huge sonic canvas Hymnen for tape, orchestra and soloists on Sun morning, Mon and Tues evenings. Helmuth Rilling conducts choral works by Mozart and Haydn on Sun afternoon, and Neville Marriner conducts the Academy of St Martin in the Fields next Wed (0221-2801)

Opernhaus This month's performances are devoted almost entirely to Cosi fan tutte. The next new production is Shostakovich's The Nose, first night Jan 29 (0221-221 8400)

■ COPENHAGEN

Royal Theatre Tomorrow, Mon: Menotti's Amahl and the Night Visitors. Sat, Sun afternoon: The Norwegian Ballet. Repertory also includes La boheme, La traviata, Cosi fan tutte, Napoli and Helgi Tomasson's new production of Sleeping Beauty (tel 3314 1002 fax 3312 3692)

■ DRESDEN

Semperoper Tomorrow, Sun: La boheme. Fri: Der Freischütz. Sat: Gluck's Orfeo. Sun morning, Mon and Tues evenings: James Conlon conducts Dresden Staatskapelle in works by Dukas, Florent Schmitt and Franck. Next Wed and Sun: Arabella with Felicity Lott (0351-484 2323)

■ DUSSELDORF

Deutsche Oper am Rhein Tonight: Fiddler on the Roof. Tomorrow: Heinz Spoerli's ballet Goldberg Variations. Fri: Hansel and Gretel. Sat: Les Contes d'Hoffmann. Sun: Nutcracker. A new production of Wolfgang Fortner's Don Perlimplin opens on Jan 22 (0211-890 8211). Duisburg Theatre has Nutcracker tonight, Lohengrin tomorrow and Sun, and The Merry Widow on Sat (0203-300 9100)

Schauspielhaus Jan 8-16: Shakespeare festival, including A Midsummer Night's Dream, Troilus and Cressida, Julius Caesar and Romeo and Juliet. This month's repertory also includes Eugene O'Neill's Mourning Becomes Electra and Büchner's Woyzeck (tickets 0211-369911 information 0211-162200)

■ FRANKFURT

Alte Oper My Fair Lady runs daily till Sun. The next orchestral concert is Jan 13, when Yuri Bashmet plays Schnittke's Viola Concerto (069-134 0400)

Oper The main event this month is the revival on Sun of Nikolaus Lehnhoff's production of Lohengrin, with a cast including Thomas Sunnegardh and Anja Silja. Sylvain Cambreling conducts a concert performance of Schumann's Scenes from Faust on Fri, and Frankfurt Ballet revives William Forsythe's The Loss of Small Detail next Thurs (069-236061)

Theater am Turm Michael Simon's new music-theatre work Real Life, based on Maxim Gorki's Night Exile and modern Russian choral music, receives its premiere on Fri, in a production featuring 40 members of the St Petersburg Chamber Choir. Daily except Mon till Jan 15 (069-15450)

■ HAMBURG

Staatsoper Tonight, Sat: Madama Butterfly with Yoko Watanabe. Tomorrow, next Tues: Die Zauberflöte. Fri, next Wed: Fidelio with Gabriela Benackova, Thomas Moser and Matti Salminen. Sun: Tannhäuser with Wolfgang Schmidt in title role (040-351721)

Musikhalle Fri: Daniel Nazareth conducts MDR Symphony Orchestra. Sun, Mon, Tues: Günter Wand conducts North German Radio Symphony Orchestra. Jan 14: Guarneri Quartet. Jan 21, 22: John Eliot Gardiner conducts Stravinsky and Mahler. Jan 25: Midori. Jan 27: Gidon Kremer (040-354414)

■ LEIPZIG

Gewandhaus Tomorrow, Fri: Kurt Masur conducts Gewandhaus Orchestra in works by Schenker, Mozart and Dvorak, with violin soloist Christiane Edinger. Sun morning, Mon evening: Daniel Nazareth conducts MDR Symphony Orchestra in Bach and Mahler, with violin soloist Ingolf Turban. Sun: Gewandhaus Quartet plays string quartets by Beethoven, Mendelssohn and Shostakovich (0341-713 2280)

■ LILLE

Nouveau Siècle Jan 11, 12: Krzysztof Penderecki conducts Orchestre National de Lille in works by Penderecki and Dvorak, with cello soloist Boris Pergamenshikov. Jan 14: Vladimir Spivakov directs Moscow Virtuosi (2012 8240)

■ LYON

Opéra Tonight, tomorrow, Fri, Sat: Lyon Opéra Ballet in Maguy Marin's production of Prokofiev's ballet Cinderella. Jan 18-22: Coppelia (tel 7200 4545 fax 7200 4546)

Auditorium Tomorrow, Sat: Emmanuel Krivine conducts Orchestre National de Lyon in works by Richard Strauss and Mahler (7860 3713)

■ MARSEILLE

Opéra Jan 18, 21, 23, 25: Der fliegende Holländer, with José van Dam (9155 0070)

■ MUNICH

Staatsoper Tonight, Sat: John Neumeier's ballet A Midsummer Night's Dream. Tomorrow, next Tues: Tosca with Galina Kalinina, Peter Dvorsky and Bernd Weikl. Fri, Mon: Der Rosenkavalier. Sun, next Wed: Peter Grimes with René Kollo, Pamela Coburn and Donald McIntyre. This month's repertory also includes Cav and Pag with Agnes Baltsa and Piero Cappuccilli, Don Giovanni with Thomas Hampson and John Cranko's production of Prokofiev's ballet Romeo and Juliet. Tom Cairns's new production of Un ballo in maschera opens on Jan 31 with a cast headed by Julia Varady and Dennis O'Neill (089-221316)

Gasteig Tomorrow, Fri: Lorin Maazel conducts Bavarian Radio Symphony Orchestra and Chorus in Beethoven's Ninth Symphony. Sun: Russian State Ballet in Nutcracker. Next Mon, Wed, Thurs, Sat: Lothar Zagrosek conducts Munich Philharmonic Orchestra in works by York Höller and Tchaikovsky, with soprano Phyllis Bryn-Julson. Next Tues: Daniel Nazareth conducts MDR Symphony Orchestra in Bach and Bruckner. Jan 14: Neville Marriner conducts Academy of St Martin in the Fields. Jan 19: Sinopoli conducts Mahler (089-4809 8614)

■ STOCKHOLM

Royal Opera This month's repertory consists of La Traviata, Cav and Pag, Pelléas et Mélisande and Glen Tetley's ballet The Tempest (tickets 08-248240 information 08-203515)

Berwaldhallen Sat afternoon: Jukk-Pekka Saraste conducts Swedish Radio Symphony Orchestra in works by Rakhmaninov and Bruckner, with piano soloist Niklas Sivelöv. Jan 14: Esa-Pekka Salonen conducts Beethoven and Stravinsky. Jan 20: Gidon Kremer plays Berg's Violin Concerto (08-784 1800)

■ STRASBOURG

Palais de la Musique Tomorrow, Friday: Eliahu Inbal conducts Strasbourg Philharmonic Orchestra in Mahler's Seventh Symphony (8852 1845)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(Central European Time)

MONDAY TO FRIDAY
Super Channel: European Business Today 2230; repeated 0630, 0715
MONDAY
Super Channel: FT Reports 1230.
TUESDAY
Super Channel: West of Moscow 1230
Euronews: FT Reports 0745, 1315, 1545, 1845, 2345
WEDNESDAY
Super Channel: FT Reports 1230
THURSDAY
Super Channel: West of Moscow 1230; FT Reports 2130
Euronews 0745, 1315, 1545, 1845
FRIDAY
Super Channel: FT Reports 1230
Sky News: FT Reports 2030
SATURDAY
Sky News: 0330; 1330
SUNDAY
Super Channel: FT Reports 2230
Sky News: FT Reports 1730; 0430

Forecast 94

The recession was unusually deep for France last year, with gross domestic product contracting by an estimated 0.7 percentage points. The recession stemmed from a chain of events arising from the unforeseen costs of German unification and the difficulties relating to European integration.

A recovery is on the cards *for the French economy* in 1994. However, because the French and German economies are so closely linked the former is unlikely to improve without a corresponding pick-up in the latter.

There was a clear public relations element in the French and German authorities' announcement last November of a "joint convergence strategy" for European economic and monetary union. Nevertheless, the stances adopted by Paris and Bonn are fully justified by their extraordinary degree of *economic* interdependence.

France's economy has bottomed out since the second quarter of 1993. There was some mild growth (0.2 percentage points) in the second and third quarters after a sharp slump in the two previous quarters.

Demand for private housing picked up, the number of real estate transactions increased, *property prices stopped* falling and there was a drop in the number of unsold flats and houses. Household consumption also increased. Its sharp rise during the summer came as a surprise after the substantial tax increases introduced in July and August.

This year, industrial production, which fell by 3.5 per cent in 1993, should increase moderately. The reversal should be *spectacular for the car industry*; a 3 per cent increase in car sales should be achieved in the year ahead, after a decline of 18.3 per cent in 1993.

Although the newly introduced European statistical system has complicated the task of analysis, France's external trade account is improving, particularly with its non-European trading partners. The surpluses have been increasing *steadily in nominal terms*, and France has even run a surplus on bilateral trade with the UK of more than £100m a month.

Business investment has declined for the third year running. But recent surveys suggest that the downward trend has almost come to an end. Meanwhile, inflation is under control and unit labour costs are stable. The competitiveness of French exporters, measured in terms of costs and prices, seems on average to be good. For example, it appears to be close to the levels of 1991, when French companies gained market share.

For more than a decade, maintaining a stable franc/D-*Mark exchange rate has been* the cornerstone of French economic policy. This policy has proved successful. Interest rate spreads have narrowed, inflation is under control, companies are more profitable and France's economic growth has outstripped that of most other leading industrialised countries.

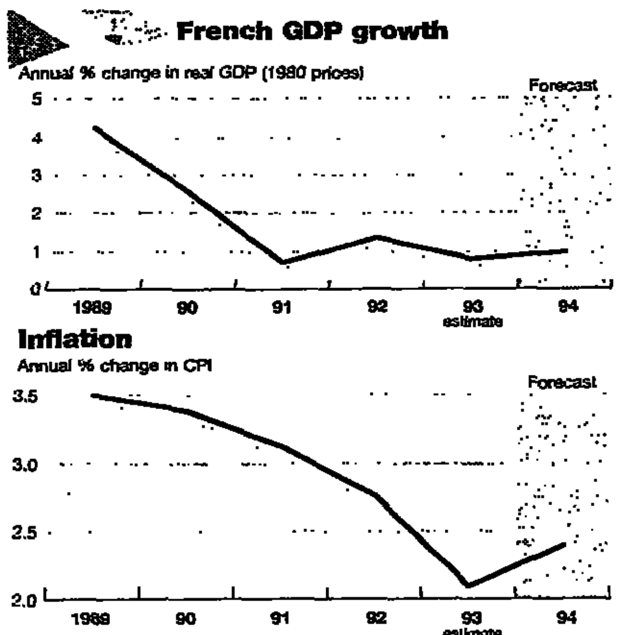
But now the situation has changed. First, the widening of the European exchange rate mechanism fluctuation bands following last August's currency crisis when the franc came under intense selling pressure, has extended the range of policy options. Second, the Banque de France's newly independent status will modify decision-making procedures.

The goal of French monetary policy since last summer's ERM crisis has been to maintain the "internal and external stability" of the franc. This policy should soon be spelled out in greater detail by the Banque de France's new monetary policy-making body, the *Monetary* Policy Council, whose members will be announced today. *While a number of options are* possible, radical scenarios can be ruled out, particularly those based on a shift in policy priorities. Stability will remain the central objective of monetary policy.

Fiscal policy has played an active role since the government of Mr Edouard Balladur took office in April, but from a macroeconomic view the impact of such a policy has been virtually neutral. The government has already benefited from the success of its privatisation policy, and the effect will be even stronger in 1994.

French recovery is on the cards, writes **Jean-Michel Charpin**

Poised for a pick-up



Source: Banque Nationale de Paris, Datastream

On the downside, the fall in tax receipts from recession and the increase in welfare spending have limited the scope for cutting taxes and reducing employees' and employers' social contributions.

Provided *Germany* does not slip back into recession, the Banque Nationale de Paris forecasts growth close to 1 per cent for the French economy in 1994. This would be driven by residential investment, exports outside *Europe* and, to a lesser extent, household consumption. Inflation will remain low, at about 2.5 per cent. Meanwhile, the trade and current accounts will continue to generate surpluses.

Unfortunately, the projected rate of growth will probably not be sufficient to make a *significant reduction in unemployment*. While France's economic performance in the past 10 years has been healthy, its record on jobs is mediocre. Unemployment is currently 12 per cent of the labour force.

But the real blemish on economic performance is the fact *that, in 1989, after* several years of strong growth, unemployment was still 9.4 per cent, revealing a deep structural problem. Assuming the trends in productivity and economic activity persist, growth would have to reach 2 per cent in order to produce a rise in net employment, and 3 per cent to *bring unemployment down.* Clearly these thresholds are much too high.

In the recent past, France may have appeared caught up in its rural origins, reluctantly facing up to the challenge of international competition and indifferent to its unemployed. While this impression is not entirely false, it distorts and overshadows the whole picture. In the past few years, *French companies have made* considerable efforts to innovate and adapt to the changing *economic environment*, and they will emerge more competitive from the recession.

Several recent developments augur well for France and other economies: negotiations on the long-delayed General Agreement on Tariffs and Trade have been successfully concluded, and the spectre of a trade war has dissipated; and oil prices are at historically low levels.

If Germany comes out of its recession, economic activity in France should begin to pick up this year, in line with the rest of Europe.

The author is chief economist, Banque Nationale de Paris

Forecast 94

In postwar Japan, the word "recession" has traditionally meant not a decrease in real gross *domestic product*, but a "growth recession", reflected in a lower growth rate. The present recession is different. Already in its third year, this recession is the *longest since 1945, and GDP* may contract in the year to March. Pessimists are forecasting another decline in GDP in the next fiscal year.

More than a year ago, personal consumption began to decline. This trend – unusual for a Japanese recession – was not caused by a drop in personal *income, since both* employment and wages were still increasing, and the unemployment rate currently stands at only 2.7 per cent, below the peak of 3.1 per cent registered in 1986, during the high-yen recession.

Instead it is the result of a decline in personal consump*tion after four years of aggres*sive buying of durables, such as television sets and cars, during the late 1980s. Spending patterns have also been affected by the decline in the value of assets, such as land and stock prices, and the uncertain economic outlook.

Even though this recession *has been worse than past ones*, it will really bite this year. Personal income could decline, and it is feared that the unemployment rate will exceed 3.1 per cent.

In previous recessions, there was in-house unemployment under Japan's life-time employment system, which ensured that people had jobs even if they had no meaningful work to do. This time, companies *may have to cut staff, in order* to reduce costs and improve profitability. This would have *a serious* effect on consumer confidence and incomes, causing personal consumption to fall further, and creating a vicious circle of continuing GDP decline.

Political uncertainty has also hit confidence. Last year, the Liberal Democratic party lost office for the first time in four decades. The new coalition government of Prime Minister Morihiro Hosokawa staked its *survival on two issues – political* reform and the settlement of the Gatt Uruguay Round, including the opening of Japan's rice market – and the economy was not at the top of its list of priorities.

The present political situation is confused, because the government is opposed not only by the LDP, but also by the Social Democratic party of Japan, formerly known as the Japan Socialist party, which is supposed to be a member of the government coalition. This awkward relationship within the government is delaying decisions on economic policy.

Ultimately, however, the government is likely to include in its next budget an income tax cut amounting to more than Y5 trillion (million million) and an increase in public works spending. If all goes according to plan, the income tax cut, which may be made retroactive to January 1 this year, will be equivalent to 20 per cent of average income taxes, or 2 per cent of personal disposable income, which should have a positive effect on consumption.

In the shorter-term, the tax cut will be financed by government bond issues. But the government plans to increase the country's consumption tax, the Japanese version of a value-added tax, from the present 3 per cent to 6 or 7 per cent after two years or so, by which time the economy should have strengthened.

Another encouraging sign for the Japanese economy this year is the value of the yen. Last year it appreciated sharply, directly affecting Japan's export industries, including the the automotive and electronics sectors – *industries that* were already under pressure because of the change in personal consumption patterns at home. In August, the yen almost topped Y100 to the dollar.

However, it has already receded to about Y108 to the dollar. And as there is a time lag between the appreciation of the yen and a decline in domestic prices of imported goods, consumers will have a lingering increase in their purchasing power.

The favourable turn in the yen's value has three causes. First, Japan's export industries have reacted to the strong yen by reducing domestic production and increasing production at overseas plants built during the high-yen phase of the late 1980s. As a result, the trade surplus has already begun to shrink in both volume and yen terms, and will continue to shrink in dollar terms from early this year.

Second, until August last year, interest rates in the US and Germany were falling faster than Japanese interest rates, meaning that money was drawn to Japan and the yen, causing the Japanese currency to appreciate.

Economic stagnation is expected to bring a further decline in Japanese interest rates, *while interest rates in* the US will rebound thanks to the improving pace of economic recovery. This will further ease the upward pressure on the yen.

Third, US officials have realised that the strong yen has hindered Japan's economic recovery and not been in the interest of the US or the international economies. These officials, who were earlier this year keen to talk up the value of the yen, are unlikely to repeat their statements in the coming year.

Another positive turn for Japan is that the Hosokawa coalition is the first Japanese government *to advocate voluntarily* the deregulation of the economy, something that the *US has long sought* in the hope of reducing the current account surplus. The US will be carefully monitoring the Hosokawa government's ability to carry out this policy. The Advisory Panel for Economic Structural *Reform*, under the chairmanship of Gaishi Hiraiwa, leader of the Keidanren business federation, has submitted a report to Mr Hosokawa recommending the pro*motion of competition through* deregulation.

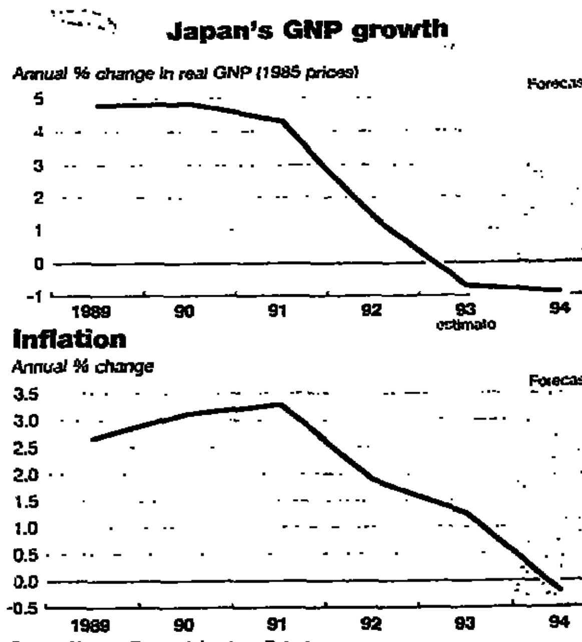
But the successful implementation of medium-term economic reforms will depend on the Japanese economy's ability to avoid the more pessimistic of the economic scenarios this year, and return to a sustained growth path. The important factors will be the size and impact of the tax cut and the trend in the value of the yen.

Once the Japanese economy starts to recover, corporate earnings should improve *sharply thanks to companies'* restructuring over the past three years. If all goes well, capital spending will be revived, further boosting economic activity.

The author is chief counsellor, Nomura Research Institute, and a member of the Advisory Panel for Economic Structural Reform

Bright spots in the gloom

Yoshio Suzuki sees a possible end to the Japanese recession



Source: Nomura Research Institute, Datastream

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Taxpayers' money is squandered

From Mr Thomas Welsh.

Sir, Your leader, "Another fudge from Tokyo" (December 29), argues that the Japanese government should do to its taxpayers what the US government did to its own in bailing out the savings and loans associations. "Enabling the commercial banks to recapitalise" is another term used from time to time for the same dodge.

Taxpayers' money is taxpayers' money. It does not matter whether it is handed out in the form of "state assistance" or "cheap credit at the official discount rate". It still remains money extorted from taxpayers and squandered by politicians.

If, in writing about such things, the term "taxpayers' money" was invariably used, it is conceivable that, over time, it might dawn upon taxpayers what was happening, namely that their money was being misappropriated on a mind-boggling scale to bail out private institutions. As things stand, shareholders make money when banks declare profits, and taxpayers foot the bill when, every six years or so, banks lose their shareholders' shirts. The press does the public a disservice in failing to point out that "cheap credit at the official discount rate" is just one of the subterfuges resorted to by governments to conceal what they are up to.

Thomas Welsh,
21 Bede House,
Manorfields,
London SW15 3LT

Not a serious education option

From Mrs Alison Wolf.

Sir, John Authers informs us ("Vocational schooling urged for 14-year-olds", December 31) that government officials believe vocational options for non-academic 14-year-olds to be the solution to a "major national failing": lack of the high-class technical education provided by Britain's major competitors. Can they be serious? Vocational courses for low-achieving young people are certainly a common European option. They are also generally despised as "dustbin" courses, and have rapidly declining enrolments.

High-status, high-class technical education is something quite different. Specialised technical courses generally start much later than 14; and are difficult (and therefore respected). They also give entry to first-rate higher technical institutes of the type Britain's polytechnics so disastrously failed to become.

This sort of technical education is very expensive, and requires long-term planning. Small wonder, then, that it never appears in the UK's constantly renewed lists of educational "reforms"; or that bright English children continue to choose the most traditional of academic options.

Alison Wolf,
co-director,
International Centre for Research and Assessment,
Institute of Education,
University of London,
20 Bedford Way,
London WC1H 0AL

Lottery: a route to riches, and honours

From Mr Denis Vaughan.

Sir, The lottery for the people which Mr John Major, the prime minister, so heartily endorsed is at risk. Money which should go to the arts, sports and environment may be so whittled down as to become ridiculously small. This could be a betrayal of all that we and so many others have fought for.

The fundamental point about equity or debt capital for lotteries, which your editorial ("Charity lottery", December 20) and Richard Branson's letter (December 23) do not address is that the capital can be repaid within months of start-up.

Guy Simonis (British Columbia Lottery Corporation) is a leading lottery expert. On December 9 he outlined in a London seminar how his 20-year-old lottery now achieves the maximum gains from its $240 per capita per annum input: "We are freed at start-up from the obligation to pay profits immediately for some months. Therefore we could pay off suppliers without loans or advances. We didn't have to borrow money to pay the beneficiary. The enormous cash flow provided the financing we required. The bank found it a silly arrangement."

He also saves expenses by running his own facilities management system.

If the UK government and all the bidders adopt this simple wisdom, our lottery will be for the people and not for super-profiteers. The profit from handling £4bn or £5bn a year is a handsome stimulus for any operator and bank. The super-profits from equity capital do not enhance the image of those who propose them, and risk convincing the world that the government is not sincere in its aims to maximise funds to the good causes.

Denis Vaughan,
executive director,
The Lottery Promotion Company,
41 Floral Street,
London WC2E 9DG

From K I McLean.

Sir, R L Webb (Letters, January 1/2) is not at all alone in disliking the new plan for premium bond prizes and I agree entirely with his observations. It might have been better to leave premium bond prizes as being "little and often" as a counterbalance to the "lots but unlikely" winnings proposed for the national lottery, with the pools to cater for those who want a chance of either result.

K I McLean,
1 Ardrossan Avenue,
Camberley, Surrey GU15 1DD

From Mr Les Pook.

Sir, Perusal of the new year honours list, as with previous lists, reveals a number of names which appear to have been chosen at random. Formalising this by inclusion of honours as prizes in Britain's national lottery would do much to ensure its success.

Les Pook,
21 Woodside Road,
Sevenoaks, Kent TN13 3HF

Two-tier local authority structure more likely to offer coherence

From Mr A G Strickland.

Sir, In response to your editorial, "Local difficulties" (December 22), and Peter Mandelson's letter (December 30), I think evidence suggests a two-tier system can work best of all. The 39 English shire counties, along with their eight Welsh counterparts, provide the strategic dimension that is surely needed in local government. They can promote whole areas as a coherent economic entity, and work in partnership to attract inward investment with other agencies plus training and enterprise councils.

Mr Mandelson makes the point with regard to service provision that it must be close to the people. But it must be remembered that the personal services the shire counties provide (social services, education) are expensive, and need large populations to gain economies of scale. This is why the single-tier county borough system was replaced in 1974.

The current debate constantly refers to the argument *that districts should adopt* county services and that the county should be abolished. But if this *were to happen*, especially in the absence of a regional tier of government, the strategic dimension would be lost. Much better to publicise the services that each tier provides in simple fashion.

The current debate also has apparently assumed that while counties try to protect their interests, districts would do no such thing. The self-interest/preservation question is a double-edged sword: it should not be employed against the counties in isolation.

Finally, Mr Mandleson uses Cleveland as an example of a county that is unpopular. In the interests of balance, I feel compelled to point out that Cleveland is a rare example of a county with thin popular identity, in that it is an artificial construction, like Avon or Humberside. Others like Lancashire or Cheshire have no such problem.

A G Strickland,
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FINANCIAL TIMES
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Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Wednesday January 5 1994

Multi-media regulation

Following a year in which US media markets have been convulsed by a series of massive takeovers, the UK government has finally got round to reviewing its own policy towards the broadcasting, newspaper and other related industries. One does not have to be swept up in multi-media mania to welcome the review announced this week by Mr Peter Brooke, the national heritage secretary. The UK's media industries are hamstrung by a hotchpotch of policies that have been adopted without a strategic overview.

Prime among these is the law preventing national newspaper groups owning more than 20 per cent of an ITV company and vice versa. Newspaper proprietors such as Pearson, owner of the Financial Times, and Associated Newspapers, the Daily Mail's owner, have lobbied against the rule on the grounds that it prevents them taking advantage of synergies between the two industries.

Much of the talk about multi-media convergence may be fuzzy and shareholders could suffer if over-ambitious chief executives go on wild spending sprees. Nevertheless, technological advances have opened up opportunities for cross-fertilisation between different parts of the media sector and new ways of distributing its products. There is a danger that government restrictions could stop healthy and internationally competitive companies emerging in this area.

The lack of a comprehensive approach to media regulation has also created anomalies. For example, despite being Britain's largest newspaper owner, Mr Rupert Murdoch's News Corporation has been able to dominate BSkyB, which is rapidly developing into a major force in broadcasting. This is because BSkyB, in which Pearson is also a shareholder, is not treated as a UK broadcaster in terms of ownership rules.

The government's review will need to be wide-ranging if it is to avoid the piecemeal approach that has characterised its policy to date. In particular, it will need to re-examine restrictions preventing British Telecom, the UK's most highly capitalised company, providing entertainment over its network. Ministers should also ask how the BBC can more fully exploit its world-renowned brand, and whether privatisation has any role to play.

In general, the best policy will be for the government to cut back regulation and leave business decisions to private enterprise. There is, however, an important caveat. Deregulation must be accompanied by a strong competition policy. Otherwise, the unhealthy concentration of ownership that is already apparent in the newspaper industry could extend to other media markets.

Devising an effective competition policy for media markets will be hard, because television and newspapers are central to the political process. Ministers face a conflict of interest when deciding whether to stop press barons who support their party in elections from expanding their empires.

Although the Monopolies and Mergers Commission's independence from government provides something of a buffer, it is not ideal. Referrals to it are not as automatic as would be desirable, its proceedings are not transparent and ministers usually have the final say over what action to take. Building it into an effective instrument for combating media monopolisation should be an important objective of the review.

Workers' control

The proposed worker-shareholder deal at United Airlines (UAL), whereby the workforce will acquire majority control of the company in exchange for \$4.5bn worth of cost savings, has met with understandable scepticism. The financial distress of the US airline industry is due at least in part to the power of its trade unions. UAL's workers may be prepared to give ground as part of a one-off transaction; whether they remain so adaptable when they control the company may be another matter. Besides, worker control is scarcely a new concept. Barring a handful of successful cases on both sides of the Atlantic, it has mostly been tried as a desperate last throw in struggling industries such as shipbuilding and steel; and its record over the last few decades is correspondingly dismal.

But these are strange times in the world of capitalism, and strange remedies should not be quickly dismissed. Leaving UAL's troubles aside, it is worth recalling that in the US, in particular, it has become commonplace for employers to preach the necessity of involving the workforce more closely in the enterprise. This may sometimes be rhetoric, but is more often a matter of practical urgency. In the fast-moving 1990s, the key to lower costs is frequently the speed of a company's response to changes in markets or technology. Imposing change from above on a hostile or apprehensive workforce takes too long. The trick is to have ideas pushed up from below.

The snag is that, for the workforce, the deal can prove one-sided. Commitment is required in the form of ideas and enthusiasm. Corresponding commitment from the owners in the form of job security is seldom on offer. Indeed, some of the most ardent advocates of worker involvement in the US have also been among the most sweeping job-cutters. In Japan, a system of reciprocity is still widely practised, whereby flexibility and enthusiasm are rewarded with a job for life. But that ultimately depends on Japanese companies growing fast enough to create new jobs for those displaced by the process of change. Now that the Japanese economy has slowed down along with the rest of the world, the model is under pressure: for in a low-growth world, rigidity of numbers is no more affordable than rigidity of function.

But the thinking behind the Japanese approach still holds good. One reason a company like Toyota evolved a flexible and committed workforce was that in its early days it simply could not afford an army of passive workers on the old Detroit model. Many more companies around the world now appreciate that logic. In the impoverished climate of the 1990s, employers need to enlist the full energies of the workforce to survive. The question remains of how those energies are to be rewarded.

This brings us back to the issue of worker ownership. To the extent that the UAL deal is the product of desperation, it is likely to prove a bad example. But the interests of capital and labour are becoming increasingly hard to disentangle. Arguably, the standard corporate structure no longer reflects that. There is plenty of room for experiment.

Weasel words

The IRA is not ready for peace; last week's attacks show that. Yet Sinn Féin, the terrorists' political wing, is wriggling. Its president, Mr Gerry Adams, has sought refuge in confusion. He has made a series of contradictory comments on the declaration signed by the Irish and British prime ministers at Downing Street before Christmas. So has Mr Martin McGuinness, another senior spokesman.

This is a measure of the strength of the Downing Street document. Its signatories, Mr Albert Reynolds and Mr John Major, offer nationalists a chance to fulfil their dream of a united Ireland, if a majority of the inhabitants of Ulster concur. If Sinn Fein wants to take part in the democratic process, the IRA has only to lay down its arms. That, in time, would lead to a fading away of the British military presence in Ulster – the "demilitarisation" that Mr Reynolds speaks of, using nationalist language to the consternation of unionists.

Linguistic wobbles aside, London and Dublin have so far kept their balance while addressing their respective constituencies. They have won international support, notably in Washington, by placing themselves on the side of peace, democracy and self-determination. The world now knows that Britain has no interest in Northern Ireland beyond protecting the right of its inhabitants to determine their future.

Leaving aside some Paisley blather, the unionists have kept remarkably cool. Mr John Hume, leader of the Social Democratic and Labour party, elected by nationalists, says, rightly, that an end to IRA violence would be "one of the greatest acts of moral courage of this century". The net effect, in public relations terms, is to present a choice to the IRA. It can end the violence, and thus begin a long march through the democratic process. Alternatively, it can reject peace, at the risk of political isolation.

Mr Major is right to allow more time. He and Mr Reynolds must counter IRA propaganda with steady re-iteration of the Downing Street principles, preferably in public but if necessary through the "lines of communication" referred to by Mr Hume. Publishing the Hume-Adams agreement, which the inter-governmental declaration is said to resemble, would add to the pressure.

Balloon struggles to get airborne

Andrew Hill asks why Europe's single market has failed to take off, a year after its high-profile launch

One year after barriers to trade and free movement in the European Union were supposed to come down, many pioneers of the single market are still waiting for Europe to open for business.

Mr Don Cameron, who founded one of Britain's few manufacturers of hot-air balloons, has plenty of pioneering spirit, but he is running out of patience. For more than two years, he has been trying to break down the resistance of German technical regulators to the import and sale of his balloons – or rather, the propane gas cylinders used to inflate them. "It's been a nightmare," he says. "I can fly them over Germany, but they can't be transported on the roads."

Mr Knud Buhl of the Danish bacon and meat council faces legal problems in a more down-to-earth area: he claims Germany and France are restricting imports of meat from uncastrated boars. "We're in a deadlock. What we are doing is fully legal under internal market rules, but illegal according to German law," says Mr Buhl. The European Commission is challenging the German rules in the European Court of Justice, but in the meantime all Danish slaughterhouses can do is scale down production and wait for a judgment.

So what has happened to the single market and its high-sounding pledge to free the movement of people, goods, capital and services across Europe?

On paper it is still in good shape. On January 1, Finland, Sweden, Norway, Austria and Iceland joined the market, creating the European Economic Area, the biggest multilateral trading zone in the world. All but the most rabid Euro-sceptics acknowledge that it is, as EU leaders declared after December's Brussels summit, "a major asset of the European economy". But since the celebratory fireworks of January 1 1993, the political impetus behind the market seems to have faded.

One problem is that the market arrived at the same time as a deep economic recession in continental Europe. As a result, many companies are not strong enough to exploit the potential of the single market, which was first tabled during the more prosperous mid-1980s.

Some companies also claim that the single market has imposed additional bureaucratic costs and burdens, exacerbating the economic downturn. According to a survey published this week by KPMG, the UK accountancy firm, 48 per cent of British exporters feel they have not gained from completion of the single market, claiming that increased bureaucracy has cancelled out its benefits. The main criticisms are levelled at the new regime for collecting and monitoring value added tax on cross-border transactions.

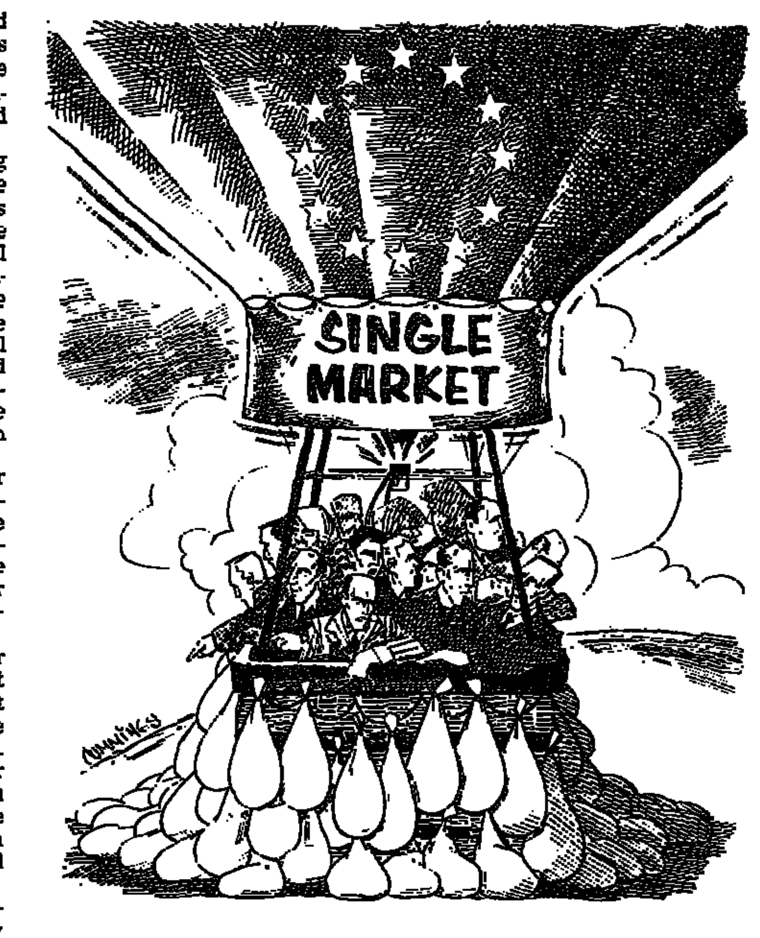
Another problem with assessing the market is that many of the important legislative initiatives adopted by the member states have not yet come into force. Vocational qualifications achieved in one member state will not be valid elsewhere in the EU until June. Insurance companies will have to wait until later this year to set up offices and sell policies across frontiers. Stockbrokers will not get their "single passport" to operate everywhere in Europe until 1996.

As for a surge in cross-border shopping, the sight of Britons struggling across the Channel to France to fill their cars with cheaper alcohol represents a failure of the single market – the reluctance of member states to harmonise excise duties – rather than a great success.

More seriously, the likes of Mr Buhl and Mr Cameron claim that the new rules of the market are not being properly enforced by the Commission and by member states. This is now the main concern for the Commission, which has been gradually changing its role over the past year, from bulldozing through new legislation to enforcing and co-ordinating existing measures.

The change of tone was both necessary and politically prudent. By the end of 1992, the target for completion of the original single market plan, nearly 300 directives and regulations had been proposed by the Commission in six years. At the same time, grassroots resentment against "meddling Brussels bureaucrats" had reached a climax, with strong opposition to the European Community voiced through referendums on the Maastricht treaty in Denmark and France.

Luckily for the Commission, agreement had been reached among member states on almost all of the original programme of legislation. Since January 1 1993, the Commission has fought shy of tabling new legislation; and high-profile European Court cases pursuing sluggish member states have been kept to a minimum. Just before Christmas, Mr Raniero Vanni d'Archirafi, who took over as internal market commissioner a year ago, declared that the Commission had managed to sort out 588 legal complaints against member states "by friendly agreement following discussion with national administrations".



The question for would-be pioneers of the single market is whether the Commission is now being too soft on member states. Only 115 out of the 219 single market measures that needed to be translated into national legislation by member states have been implemented by everyone.

Mr Robert Brooke, European marketing director of Price Waterhouse, the accountancy firm, says: "I think in policy terms [the Commission] should set the overall goals and objectives and then let the governments themselves get on with it. But then I think what they have to do is to be much more ruthless with enforcement."

"[The EU] is very weak when it comes to enforcing its measures on member states," adds Mr Buhl, as he endures the long wait for judgment in the Danish pig-meat case.

If the Commission and member states fail to implement the legislative programme evenly across Europe, businesses fear that long-standing distortions to trade will never be ironed out. That could in turn provoke new calls for protectionist measures inside the single market, sapping the commercial strength of the trade zone.

In their defence, Brussels officials point out that they are still pursuing nearly 1,000 legal complaints against member states, and Mr Vanni d'Archirafi has promised "very severe action" to ensure that existing legislation is implemented. In December, the Commission also proposed to member states a detailed "Strategic Programme", aimed at streamlining the operation of the single market, making it easier for users to take advantage of it, and complain if it goes wrong.

But the Commission itself is under fire for its failure to enforce the most basic principle of the 1992 programme: the free movement of people around the Union. Euro Citizen Action Service, a Europe-wide citizens' pressure group, has brought one European Court case against Brussels for not punishing member states that failed to lift passport checks at internal borders, and the European Parliament has brought another.

Independently, nine of the 12 EU members have promised to abolish passport controls from February 1. But critics of Brussels' diplomatic approach believe this deadline, like others before it, will be postponed, leaving the Commission short of ammunition with which to attack the others: Britain, Denmark and Ireland.

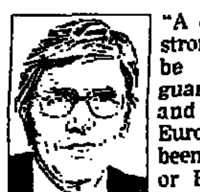
The Commission's own verdict on its grandest project to date, delivered in the "Strategic Programme", is predictably upbeat: "The internal market is working." But the document goes on to admit that "it can and must be improved in order to fulfil its promise".

Consumer groups, trade associations and small businesses are more cautious. A year on, they say the market is working only for those with the determination and money to fight for their rights, and for those – citizens living near borders, multinational companies and international travellers – already used to dealing with European barriers. The benefits may take longer to trickle down to small companies, occasional tourists, balloon-makers and slaughterhouses.

Edward Mortimer

How to widen the circle

A bigger Nato should not be more threatening to Russia than German unity was



"A democratic and strong Russia would be the strongest guarantee of peace and stability in Europe." If that had been said by the US or British or German foreign minister, it would be barely newsworthy. But coming as it does from the Polish foreign minister, Mr Andrzej Olechowski, during his recent visit to Germany, it should be considered an important contribution to the resolution of Europe's current security dilemma.

Accepting the expansion of Nato towards Russia's own frontier does not come easily to Russian political leaders, but there is no reason to think it impossible. Many people doubted in the first half of 1990 that the Soviet Union (as it then still was) would ever allow a united Germany to remain in Nato. But it ended up doing so. Why?

First, the US administration was single-mindedly determined to achieve that result, and made this its top foreign policy priority.

Second, the West German chancellor, once he saw the strength of US resolve, became convinced that maintaining Nato membership was a condition for German unity rather than an obstacle to it, and acted accordingly.

Third, Soviet President Mikhail Gorbachev himself understood that, having once accepted the basic principle of the right of the East German population to decide its own future, he was ill-placed to impose conditions.

Finally, both the US and German governments realised that Mr Gorbachev had to be helped to sell that unpalatable proposition to the Soviet establishment. Accordingly, they made sure that German unity came about as part of a series of changes with which Moscow was associated, and from which the Soviet Union, along with the rest of Europe, could expect to benefit.

Why was the united Germany's membership of Nato so important to the US? Because the alternative was West Germany's secession from Nato, which would have meant the effective demise of the alliance. The argument for further expansion of Nato, to include other central and east European countries, is less clear cut.

One US lobby, led by Republican senator Richard Lugar but including some influential people within the Clinton administration, has argued that failure to expand, or at least to address effectively the security problems of central and eastern Europe, would be no less fatal to the alliance in the medium term than the departure of West Germany would have been in 1990. "Out of area or out of business" is this lobby's catchy slogan ("out of area" being Nato's jargon for the world beyond the territory of its existing member states).

The opposing view, associated particularly with the new deputy secretary of state, Mr Strobe Talbott, is that over-hasty enlargement itself poses the greater threat to the alliance. It would dilute the mutual defence commitment of Nato members by extending it to fragile new democracies which cannot be relied on not to engage in ill-advised provocations. Above all, it would stimulate a nationalist backlash in Russia, so jeopardising the position of pro-western reformers and increasing the very danger of renewed Russian expansionism against which central and east European states are seeking protection.

This second view has apparently come out on top in preparations for next week's Nato summit, and is reflected in the cautious fudge of the proposed "partnership for peace", which envisages greater co-operation between Nato and east European countries but does not give any clear security guarantees.

Mr Olechowski is rightly dissatisfied with that proposal, but his remark shows sensitivity to the thinking behind it. Indeed he went further than the most pro-Russian western analysts in saying that "without the inclusion of a functioning democratic Russia" there could be no European security. In reality, Poland's first concern is to find ways of making itself and the rest of Europe secure in the all too likely event that democracy in Russia fails – or ceases – to function.

Intellectually, the case for Nato enlargement would become more compelling *after* the failure of democracy in Russia and the re-emergence of a plausible Russian threat. The danger is that politically and militarily it might then be too late. Western governments might be even more reluctant to guarantee Poland's security if there were an imminent danger of having to implement that guarantee by coming to Poland's defence; and if they did so, they might not have the forces available at the right time and place to defend Poland fully.

Poland went through that experience in 1939, and has no desire to repeat it. Poles do not want to wait for Russia to turn nasty. They want, in the homely phrase Chancellor Helmut Kohl used about German unity in 1990, to "get the hay into the barn before the storm". They need to exploit the present benign phase in Russian policy (or retreat of Russian power) to forge ties with western Europe such that in future a western guarantee to Poland will seem credible and indeed inevitable, because any future Russian attack on Poland would really be an attack on Europe itself.

But that can only be achieved if Poland and the other candidates for Nato membership, such as Hungary and the Czech Republic, make it clear, as Mr Olechowski is doing, that they more than anyone share the general European interest in the success of democracy and reform in Russia; that their first preference is for a European security system in which a democratic Russia would play a full part. Their membership of Nato, while clearly an insurance policy against things going wrong in Russia, should also be seen as a step towards Nato's transformation into a pan-European collective security system with Russia as a full member, if things go right.

OBSERVER

Dialling up a pop number

■ You may not yet have heard of Edward Belgeonne; but it's not for want of his trying. Belgeonne is a clever 30-year-old who had earlier spotted the 1980s UK boom in mobile phones. He is now about to sell his second mobile phone business for around £1.5m. The first went for £2.5m.

Belgeonne is tired of mobile communications and is making a bid to become a pop star. Well, actually, he always wanted to be a pop star but thought it more sensible to make a couple of million first to back his talents.

His band – Gone Tomorrow – has just splashed out on producing 500 copies of a CD single of the Louis Armstrong classic *Wonderful World*, his version having what he calls "the white reggae feel of the band UB40".

Given the parlous state of the recording industry, might his next attempt be a cover version of *Who wants to be a millionaire?*.

Gargantuan gift

■ John Major has his Trollope; now Edouard Balladur has his Rabelais. France's prime minister has been given a nine-volume edition of the works of the frequently indecent renaissance author Rabelais, a (late) Christmas present from his ministers.

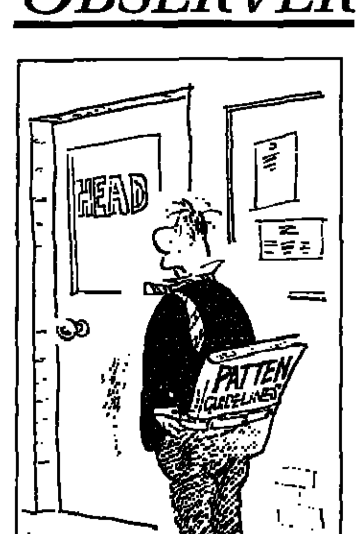
Social affairs minister Simone Veil thought up the idea and Balladur's 29 ministers each coughed up FFr1,000 for the gift just in time for the beginning of 1994 – the 500th anniversary of Rabelais' birth – now designated the Year of Rabelais in France. Whether the rather austere Balladur will get the jokes – or if indeed the joke is upon him – remains to be seen.

Learning curve

■ Shock, horror. Management Today, the flagship of Michael Heseltine's publishing empire, has appointed a new editor and he is *not* a journalist. Charles Skinner, 33, has been plucked out of 3i's corporate finance department to edit a magazine which was once worshipped by the great and the good of British industry.

To make matters worse, the current editor, Dennis Hackett, a veteran magazine man credited with spotting Tina Brown's editorial talents when he was relaunching Tatler, doesn't seem to have been in on the decision-making.

MT's publishing director, William Pecover, who was up at Oxford at the same time as Skinner, says he picked a non-hack because the UK does not have a big pool of experienced business magazine journalists, unlike the US. Moreover, Skinner "understands our natural readers".



Those journalists used to lecturing managers on how to run their business will be monitoring progress closely.

Cold turkey

■ Who said Chinese walls never work? Just as N M Rothschild, the UK merchant bank, was poised to win a contract to advise Turkey on the privatisation of its state-owned petroleum industry, the boys at Smith New Court, Rothschild's stockbroking affiliate, decided to put out an analysis of the Turkish economy, under the gloomy title: "A plateful in 1994 – are the festivities over?"

The document was illustrated with some rather unflattering cartoons of Tansu Çiller, Turkey's prime minister. Lucky old Chase Manhattan has got the job.

Happy families

■ Television wars are rather like soap operas. So it's nice to see two old flames in the ITV franchise wars setting up shop together.

Janice Hughes, head of the European media practice of consultants Booz Allen Hamilton, batted successfully for Michael Green's Carlton Television which has just completed its first year as London's weekday commercial TV station. Kip Meep, head of the media unit at consultants Coopers & Lybrand, acted for Thames Television – the losers to Carlton.

They have buried the hatchet and opened their own multi-media consultancy – Spectrum Strategy – thus avoiding any unnecessary bickering about whose name should appear first in the title.

Government whip

■ No wonder John Patten, UK education minister, favours strong government; it seems he endured the smack of it himself on more than one occasion.

Thwarted by the European Court of Human Rights in his efforts to reintroduce caning as a schoolroom punishment, Patten now admits that "the Jesuits flogged me from time to time" while a schoolboy.

No, it was not for smoking behind the bike sheds or talking out of turn. Young Patten's offence was far more grave: "It started because I had difficulties with the proof of the second theorem, and it went on …"

Oversupply

■ Latest promo from the Institute of Economic Affairs, the think tank which claims to have provided Lady Thatcher with her best economic ideas. Buy three tomes by *The Top Economists*, which the IEA defines as Tim Congdon, Patrick Minford and Sir Alan Walters, and get them for half price. If that doesn't tempt you, try the IEA's extra-special offer – two-thirds off the collected IEA papers of its Nobel prize-winning economists.

Chats and char

■ So much for reducing the burden of the state on the poor old taxpayer; now it's tea and biscuits. The Central Statistical Office says that in 1993, journalists visiting the CSO to be briefed on official figures devoured 6,240 biscuits and 5,200 cups of coffee for only 192 releases. "It was our busiest year ever," says the CSO. Bring back rationing …

FINANCIAL TIMES
Wednesday January 5 1994

Peace sunk in a pit of mistrust

Israelis and Palestinians appear to be playing a dangerous game of brinkmanship, writes Julian Ozanne

Israeli-Palestinian peace talks have slumped into a dangerous stalemate with the resurgence of mutual mistrust, suspicion and misunderstanding. The two sides are so far apart that they are only communicating intermittently by telephone and fax.

With implementation of the accord already delayed more than three weeks and little prospect of an immediate breakthrough, there is open talk on both sides of the process falling apart.

At the heart of the dispute is a fundamental misunderstanding about the accord reached in secret talks in Oslo and signed on the White House lawn in Washington last September.

Palestinians and Israelis still realise they have more to lose than gain from allowing the peace process to fail; but both sides appear at a loss to find a way of climbing out of the pit they have dug for themselves.

To reach agreement, after years of bloodshed, both sides purposely left huge areas open to interpretation.

The accord was supposed to provide the Palestinians, after a five-year interim period, with "something more than autonomy in Gaza-Jericho but less than statehood". Between those two political poles lay a wide and murky grey area.

From the beginning both sides sold the agreement differently to their own sceptical constituencies. Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, argued – in the face of widespread internal criticism that he had sold out the Palestinian cause – that the accord did lay the basis of statehood.

Mr Yitzhak Rabin, Israeli prime minister, assured an Israeli public deeply concerned about security and the PLO's violent past, that the agreement did not concede a Palestinian state.

A conflict was inevitable. The two different perceptions about the Oslo accord eventually came to a head over the main obstacles to an agreement: control over borders and the size of Jericho.

For Mr Arafat and Mr Rabin the same principle is at stake: how much sovereignty the Palestinians will exercise in Gaza-Jericho once Israeli troops withdraw.

The PLO has rejected the latest compromise proposal by Israel, decribed by Israeli officials as a "final offer" which must be accepted by the PLO as a basis for further talks.

For Mr Arafat, Israel's border proposals fall short of the sovereignty he wishes to exercise in his embryonic state. The PLO chairman wants four main changes: Palestinian police and flags should be clearly present on the crossings; residents of Gaza-Jericho should not have to be searched or processed by Israelis except for a computer security check on information supplied by Palestinian officials from a distant terminal; there should be an international presence on the border; and the PLO should take control of roads leading to borders.

On the size of Jericho, Mr Arafat's main demand is that the area should include a strip of land at the Dead Sea – vital for its tourist and mineral potential and for any possible development of a separate entry point into Gaza-Jericho by ferry from Jordan.

Both sides know that whatever is gained or conceded now cannot be reversed at later negotiations, due to begin within two years, on a permanent settlement.

"If Arafat doesn't return in the coming days to the original Oslo track it will be worthwhile for the government to take time out to reassess the Oslo agreement and its meaning. Check whether Arafat is a man with whom we can do business, and ask where this process is leading," Mr Yoel Marcus, a leading Israeli commentator, wrote yesterday.

Exacerbating the stalemate is Mr Arafat's mercurial negotiating strategy, the deepening leadership crisis in the PLO and the calculation on both sides that the other will be forced to give in.

Mr Arafat has a long history of reneging on agreements and using oral promises or offers made by his senior lieutenants to extract compromises from negotiating partners which he can later reject.

The veteran Palestinian leader also has the constant problem of building sufficient consensus inside the faction-riven PLO and among Palestinians who already feel Mr Arafat has surrendered too much for too little.

For the moment, each side is waiting for the other to wave the white flag. Mr Rabin believes Mr Arafat's waning support and internal pressures will force him to give in.

Mr Arafat, for his part, believes rising domestic Israeli opposition, pro-Palestinian international sympathy, and the linkage of the Palestinian negotiations to progress in peace talks between Israel and other Arab neighbours will force Mr Rabin to strike a deal.

For both men it is a dangerous game of brinkmanship whose ultimate winner could be neither Mr Arafat nor Mr Rabin but the opponents of peace on both sides.

Yeltsin publishes decree over voucher privatisation

By Leyla Boulton in Moscow

Russian President Boris Yeltsin published a decree yesterday aiming to conclude a voucher privatisation programme by July, amid increasing fears over the adequacy of protection for small investors.

In what one investment fund manager predicted would turn into a "series of loud scandals over the next six months", Russian citizens face growing risks on the country's weakly regulated financial markets.

Every night, television viewers – already confused on how to invest privatisation vouchers – face a deluge of advertisements from investment funds licensed to invest in a broad portfolio of companies on behalf of voucher holders. Yesterday, MMM-Invest promised to turn vouchers into "gold", saying its portfolio of shares had increased in value 82.7 times. Another, Neft-Almaz-Invest (literally, Oil-Diamond-Invest) promised to pay an annual dividend of 750 per cent.

But one fund manager, Mr Vladimir Koshelev, said last night his fund, called Programma Privatisatsiya, would not be paying any dividends this year, and that other funds should not be making promises of big payouts.

But Mr Koshelev sees nothing wrong with his own fund's TV ad – claiming European Community endorsement because it had been given a Euromarket trophy. Checks by the Financial Times yesterday revealed that this award was granted to all paying guests at a $3,900 per couple seminar held in Brussels last month by a private organisation called the European Market Research Centre.

European Union officials made clear yesterday that this award could not confer Commission endorsement.

Mr Yeltsin's decree outlines which categories of enterprise can be privatised and provides new benefits for the investment funds, exempting the funds from paying tax on dividend income.

Risk extends to all manner of financial services. After at least two critical newspaper reports, the central bank last week broadcast a statement warning investors away from the GMM investment trust, which has vaunted a Dutch registration to increase its attraction.

Last night, GMM issued its own press release, the contents of which were also broadcast. However, it only denied newspaper allegations that it had funded the neo-fascist Liberal Democratic party of Mr Vladimir Zhirinovsky – not mentioning the central bank's announcement that GMM had no licence to conduct its banking operations.

Danes plan subsidies for home helps

By Hilary Barnes in Copenhagen

The Danish government is to subsidise businesses supplying domestic staff by about $8.8 an hour, in a radical effort to reactivate a labour market hit by very high taxes.

Consumers of personal services, such as domestic cleaning, cooking and gardening, have largely turned to the black market in Denmark, because of high income taxes and value added tax – which at 25 per cent is the highest in the European Union.

Such rates have put domestic services, on which VAT is charged, out of the reach of most families, with an hour of domestic cleaning costing the equivalent of three hours of net pay for an average wage earner.

If every household bought two hours of domestic services a week, the government says, this would produce 10,000 full-time jobs.

Its subsidy, to be paid to businesses supplying domestic services, will amount to DKr65 an hour.

This compares with black-market rates for domestic services of about DKr50-60 an hour and legal rates which vary from about DKr90 to two or three times that figure.

So far about 1,600 firms, mostly one or two-person businesses, have registered for the scheme which will run for an initial three years with a budget of DKr1bn for 1994.

Bank of America settles UK claim

Continued from Page 1

trustees said they would continue to seek the balance of the funds plus interest from Credit Suisse.

The writ also names Invesco MIM, Lehman Brothers International and Capel-Cure Myers Capital Management and seeks £200m, of which roughly £50m relates to assets alleged to have been passed to Robert Maxwell's private interests by the fund managers.

The other £150m relates to negligence charges for failing to inform the trustees of improper activities. That case is scheduled to come to court on January 25.

Mr Colin Cornwell, chairman of the Mirror Group Pension Trustees, said he hoped the Bank of America settlement would encourage others to seek a similar solution.

"I think it makes sense commercially," he said, noting that the expense and adverse publicity of a lengthy public trial were likely to be damaging to many financial institutions.

Yesterday, other financial institutions involved insisted the Bank of America move had no bearing on their own cases.

THE LEX COLUMN

Capital connections

If the multimedia hype continues, phone company executives may soon have to stop talking telephone numbers and start spending them. MCI's announcement yesterday of $20bn-worth of strategic plans falls mostly into the talk category – the investment in long distance super-highways and local capacity will be phased, shared with partners and is partly an upgrading of existing facilities.

The gambit is also politically inspired: MCI wants to cut the amount it pays local phone companies for its final connection to consumers, so threatening to compete with them is a useful spur.

Still, even with the rhetoric stripped away, it does point towards the high capital investment that phone companies will need. AT&T and MCI may well move from long distance traffic to compete for local calls. While that investment would be costly, there is little doubt that the Baby Bells' monopoly margins could be cut. That, however, would probably prompt the regulator to open the US long distance market to local companies, increasing competition and cutting margins there too.

Several expensive fibre-optic super-highways may be built, providing the US with vast capacity. As such systems could carry almost limitless traffic, phone companies will struggle to avoid prices falling to commodity levels.

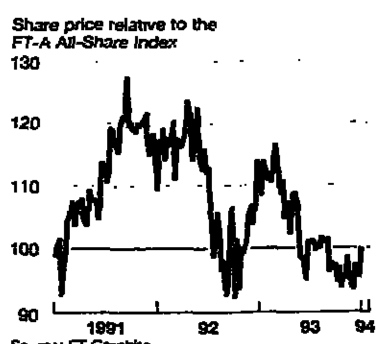
Some value-added services will help maintain margins, and even if video conferencing becomes as cheap as using the fax, network operators will benefit from the increased usage of their systems. Yet phone companies will be relying on lower prices stimulating demand in order to recoup most of their capital spending.

MCI's strategy is a sensible response to the development of real competition in US telecoms, but shareholders may yet view the old cosy cartel with nostalgia.

FT-SE Index: 3408.5 (-9.9)

Williams Holdings

Share price relative to the FT-A All-Share Index



Source: FT Graphite

Williams Holdings

On its own, the acquisition of Corbin & Russwin, the US locksmith, will hardly transform Williams. Yet the £50m deal, completed on new year's eve, brings the group's acquisitions for last year to nearly £140m. Taken together with the recent sale of its engineering businesses, Williams thus seems less trapped by its balance sheet than some of its critics have claimed. Though sale of the electronics businesses and its Fairey bridge builders will have to wait, the group has made progress in adjusting its focus on to a limited range of businesses with a reasonable strategic fit. Corbin, for example, will double Williams's share of the US commercial lock market to 20 per cent, creating a stronger base from which to attack the market leader, Ingersoll-Rand.

In the final quarter of 1993, Williams's shares outperformed Hanson by 10 per cent and BTR by 15 per cent. This relative re-rating does not necessarily mean Williams can now relax. The Corbin acquisition will both absorb cash and involve a goodwill hit of some £30m, so that gearing will rise to 60 per cent. Williams may rail against those on the Accounting Standards Board who still believe goodwill should be written off. But even with eight times interest cover, such gearing leaves little leeway for acquisitions to complete the transformation process. It will help if the company's full-year figures show its cash generation has improved as the use of acquisition provisions has come down.

Media ownership

The possible relaxation of government regulations on media ownership promises to keep the City's mergers and acquisitions merchants busy for years to come. If protected media assets come on to the auction block following the government's review, a wholesale restructuring of the industry will naturally result. Cross-border mergers could become fashionable along the lines of the successful merger of Reed International and Elsevier. Companies from other industries may also be keen to enter the media game. BT, for example, will be itching to explore multi-media possibilities given half a chance. US telephone operators are already showing the way.

Newspaper groups will surely press ahead with their plans to diversify into television. Whether buying Channel 3 franchises proves the best means of doing so, however, is open to doubt. Newspaper groups would find it too hard to justify the going rate for television franchises since they could not derive the merger benefits available to other television operators. Moreover, deregulation could prove a two-way street. TV contractors could be just as keen to expand their media interests in regional newspapers.

All these thrills may come too late for LWT's shareholders, who must now decide on the merits of Granada's existing bid. But it is clear that the re-rating of the television sector which stemmed from the current wave of bid speculation is unlikely to abate once the bids are resolved.

Eurotunnel

The market clearly believes all news is good news for Eurotunnel as opening day looms. Following a string of reassuring developments, yesterday's announcement that Eurotunnel's leading banks had approved its latest funding plan helped prompt a further 3 per cent rise in its sterling units. The official publication of Eurotunnel's fare structure next week will doubtless provoke a further bout of excitement.

The resolution of the remaining worries surrounding the project's construction phase certainly provides an encouraging backdrop as Eurotunnel prepares to raise a further £1bn this spring. But the rights issue prospectus will make intriguing reading now that the scale of the operational challenges is becoming clearer.

Ferry operators estimate the total revenues generated by freight and passenger services and duty free sales on the short ferry routes between the UK and mainland Europe amount to £600m a year. That is about equivalent to the annual interest payments Eurotunnel will have to make to service the debt it will have sunk into the project. Eurotunnel will thus have to rely on expanding the cross-Channel market by drawing business from longer ferry routes and airlines. To make a half-way decent return, its shareholders must be hoping that it will win traffic that no-one predicted.

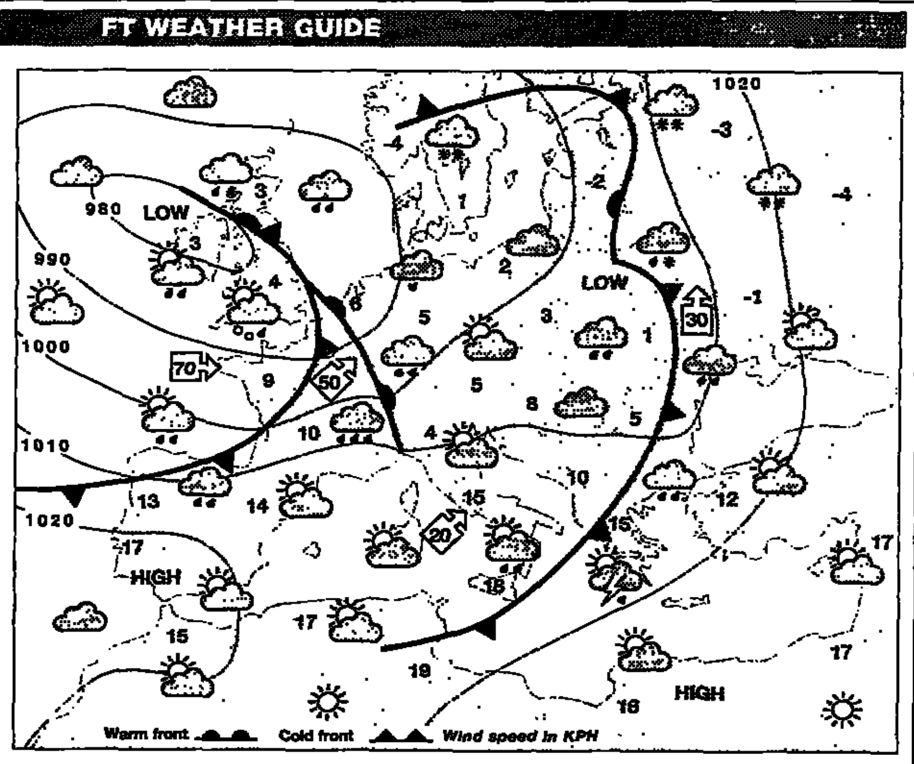
FT WEATHER GUIDE

Europe today

Most of Europe will continue unsettled. A major frontal system will move over northern France, the British Isles, and Belgium, its associated rain spreading into southern France, northern Germany and northern Ireland. Western France will have most rain while Scotland and northern Ireland will have sleet or snow, especially on higher ground. Southern regions will continue settled with sun expected in southern and eastern Spain, central Italy and Corsica and Sardinia. Central Europe will be mostly cloudy with patches of rain. There will be some snow in northern regions, especially in Russia, and central Scandinavia will stay cold.

Five-day forecast

Low pressure will dominate the British Isles, the North Sea and its adjacent countries and will develop over northern Spain, generating numerous showers over most of the Iberian peninsula. The Alps will experience a thaw with wintry conditions confined to Scandinavia and Russia. The eastern Mediterranean will be mild and sunny.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	26
Accra	sun	32
Algiers	fair	17
Amsterdam	rain	5
Athens	fair	18
B. Aires	sun	29
B.ham	sleet	4
Bangkok	fair	34
Barcelona	fair	14
Beijing	fair	4
Belfast	sleet	3
Belgrade	fair	10
Berlin	cloudy	5
Bermuda	fair	18
Bogota	fair	21
Bombay	sun	32
Brussels	rain	7
Budapest	fair	8
C.hagen	sleet	3
Cairo	fair	17
Cape Town	sun	27
Caracas	sun	27
Cardiff	shower	7
Chicago	cloudy	-8
Cologne	rain	5
D' Salaam	shower	30
Dakar	sun	31
Dallas	windy	23
Delhi	sun	26
Dubai	sun	26
Dublin	shower	5
Dubrovnik	fair	14
Edinburgh	rain	3
Faro	fair	15
Frankfurt	cloudy	6
Geneva	rain	6
Gibraltar	fair	16
Glasgow	sleet	2
Hamburg	sleet	3
Helsinki	snow	-3
Hong Kong	cloudy	24
Honolulu	fair	27
Istanbul	fair	12
Jersey	windy	9
Karachi	fair	28
Kuwait	sun	20
L. Angeles	sun	19
Las Palmas	fair	19
Lima	cloudy	25
Lisbon	shower	13
London	rain	8
Lux.bourg	rain	4
Lyon	rain	10
Madeira	fair	18
Madrid	fair	9
Majorca	sun	16
Malta	cloudy	19
Manchester	sleet	4
Manila	fair	30
Melbourne	fair	19
Mexico City	sun	18
Miami	sun	17
Milan	fair	4
Montreal	snow	-18
Moscow	snow	-4
Munich	fair	6
Nairobi	cloudy	27
Naples	fair	15
Nassau	sun	21
New York	cloudy	-1
Nice	cloudy	12
Nicosia	shower	17
Oslo	snow	-4
Paris	rain	10
Perth	fair	28
Prague	fair	6
Rangoon	fair	33
Reykjavik	cloudy	0
Rio	sun	29
Riyadh	sun	25
Rome	sun	15
S. Frsco	fair	11
Seoul	fair	4
Singapore	shower	29
Stockholm	snow	1
Strasbourg	rain	8
Sydney	sun	29
Tangier	sun	15
Tel Aviv	fair	17
Tokyo	fair	9
Toronto	fair	-13
Tunis	fair	18
Vancouver	shower	6
Venice	sun	8
Vienna	fair	8
Warsaw	fog	1
Washington	cloudy	1
Wellington	cloudy	26
Winnipeg	fair	-20
Zurich	rain	6

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday January 5 1994

IN BRIEF

Eurotunnel rises on extra funds

Shares in Eurotunnel, the company which will operate the Channel tunnel, rose 20p to 630p yesterday on news that it had obtained approval from its banks to raise an extra £1bn ($1.48bn) in funding. The agreement clears the way for it to go ahead with detailed negotiations on a further £500m of bank loans and for a planned £500m rights issue. Page 18; Lex, Page 12

No bonus for Disney chairman
Mr Michael Eisner, chairman of Walt Disney, collected no bonus in 1993 for the first time in almost 10 years as head of the Hollywood company. The downturn meant the company failed to meet the financial targets necessary to trigger Mr Eisner's bonus scheme. In 1992, Mr Eisner's bonus was $6.7m. Page 14

Riding to battle in a mini-van
Ford Motor's new Windstar mini-van, to be unveiled in Detroit this week, poses the most serious threat yet to rival Chrysler's hold on this fast-growing and highly profitable segment of the US vehicle market. Page 15

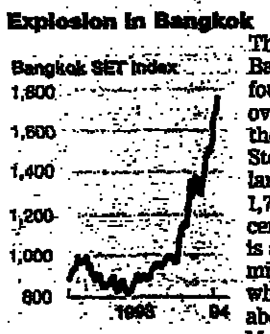
EFM goes west
Edinburgh Fund Managers, the Scotland-based fund management company, is establishing a venture in Atlanta, Georgia to market its investment services to the US. Page 18

Pentland buys Ellesse
Pentland Group, the cash-rich consumer brands company, yesterday paid L50.6bn ($29m) for 90 per cent of Ellesse, the Italian sports goods company. Pentland has distributed Ellesse clothing in the UK for 12 years. Page 18

Gatt gaffe

The General Agreement on Tariffs and Trade settlement has been presented as the answer to all the world's food problems. However, issues remain including the safety of goods to be traded between one country and another. Sex change symptoms in cattle, particularly in Italy, were alleged to have been caused by the improper use of hormones. Page 20

Explosion in Bangkok



The explosion in the Bangkok stock market's fourth quarter continued over Christmas and the new year, with the Stock Exchange of Thailand index surging to 1,753.73, up 4.21 per cent yesterday. This is a far cry from the mid-summer doldrums, when the index hovered above the 800 level. Most brokers think the weight of money available to the market is sufficient to carry equities past any minor short-term corrections. Back Page

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
DLW	505	+	31
Zanders Feinpap	280	+	25
Falls			
Asko Prf	960	-	30
Linde	949	-	10
Porsche	750	-	20
Wella Prf	840	-	10

NEW YORK ($)			
Rises			
Caterpillar	91	+	1⅛
Chrysler	56⅞	+	2
Eastman Kodak	48¼	+	1⅛
Gen Motors	58⅛	+	1⅛
Falls			
Allied Signal	78⅝	-	1⅝
Woolworth	24⅛	-	1⅛

New York prices at 12.30.

PARIS (FFr)			
Rises			
Bouygues	714	+	22
EBF	826	+	31
GTM-Entrepose	526	+	22
Imetal	593	+	28
Radiotechn	388	+	18
Falls			
Bancaire Cie	581	-	14

TOKYO (Yen)			
Rises			
[illegible]	800	+	70
Japan Digital	3480	+	200
Nissan Diesel	366	+	27
Suzuki Motor	1110	+	60
Falls			
Nippon Chem	619	-	30
Sea-Com	120	-	20

LONDON (Pence)			
Rises			
[illegible]	369	+	60
Bensons Crisps	87	+	11
CIA	382	+	40
Colorvision	102	+	11
Edinburgh O&G	32	+	4
Enterprise Comp	34	+	2½
Europe Energy	25	+	4½
Eurotunnel Uts	630	+	20
Br Co Leeds	41	+	4
Fairline Boats	350	+	30
Hi-Tec Sports	89	+	7
Monarch Res	227	+	22
CAM	82	+	8
[illegible]	388	+	24
Pittards	70	+	8
Scholes	187	+	22
Tiphook	66	+	7
Trafalgar Hse	107½xd	+	16
Virtuality	357	+	26
Yorks-Tyne T TV	174	+	18
Falls			
BTR	358	-	15
ICI	768	-	12
Lloyds Chems	381	-	11
Warburg (SG)	908	-	23

Metallgesellschaft outlines survival

By Christopher Parkes in Frankfurt

The new management at Metallgesellschaft, the financially stricken metals and engineering conglomerate, is to outline its survival plans this afternoon to its creditor banks.

Bankers said yesterday they expected to be asked to delay calling in their loans and to allow a 90-day breathing space in which the plans could be refined and put into operation.

The 40 to 50 banks also expected to be told the extent of the losses incurred by the German group's US subsidiary, MG Corp, on the New York oil futures market. The losses, independently estimated at around DM1bn ($500m) last month, precipitated the crisis and the sacking or demotion of several senior executives, including the chairman, Mr Heinz Schimmelbusch.

Bankers called to today's meeting, which was originally planned for next week, said they were asked only yesterday morning to confirm the balances on their Metallgesellschaft accounts. "They should have done that a week ago," one said yesterday.

Despite earlier suggestions that some creditors were considering declaring the group in default, optimism had grown that there was "the prospect of a viable rump" emerging from the crisis.

Lenders were keen to hear which of the group's 260 subsidiaries were to be sold off, as well as the scale and handling of an expected rights issue to "shore up its depleted net worth", the banker added.

Peripheral creditors were concerned that a moratorium should be agreed, to avoid the possibility that Deutsche Bank and Dresdner Bank, both shareholders and main lenders, might gain security over stakes in prime assets, leaving them "out in the cold".

Both banks were quick to step in and extend credit lines when news of the New York oil futures losses emerged. A week later, the Metallgesellschaft supervisory board, chaired by Mr Ronaldo Schmitz, a Deutsche Bank director, shook out the management claiming the supervisory board had not been kept properly informed.

Mr Schimmelbusch was replaced by Mr Kajo Neukirchen, a hardened restructuring expert well-known to Deutsche. He has been joined by Mr Gereon Mertens, who filled the finance directorship left vacant by the sacking of Mr Meinhard Forster. Mr Mertens was previously finance chief at Hoesch, the steel and engineering group, during Mr Neukirchen's time as chairman there.

Metallgesellschaft has estimated net short-term obligations of DM8bn, described by a spokesman as "not unusual" for a company deriving half its annual DM27bn turnover from trading.

New market measures start to converge

By Peter Martin, Financial Editor

A flurry of new equity indices has been launched in world stock markets. This week alone, there is a new index for the Amsterdam Stock Exchange and in Germany a 167-share version of the Frankfurter Allgemeine Zeitung's long-running 100-share index.

Increasingly, indices look alike. Most are adopting the capitalisation-weighted approach, which is theoretically more accurate and harder to manipulate. This is desirable because investors want to trade futures based on stock indices that accurately reflect the underlying cash market. Indices with historical quirks – such as the unweighted Nikkei 225 index, heavily influenced by moribund companies – are too easily manipulated.

There are still enough differences between major indices to trap the unwary. Take the new Amsterdam EOE index, the former European Options Exchange index newly adopted by the Amsterdam Stock Exchange to replace the old CBS Tendency index. From February 18 it replaces its old semi-fixed weightings with capitalisation weightings, but there will be a 10 per cent cap applied to Royal Dutch Petroleum and Unilever, which would otherwise take up nearly half the index between them.

The main German index, the DAX, is unusual because its basic calculation measures an investor's total return – not just the share price appreciation but also the dividends. The FAZ newspaper is adding a similar type of index, the FAZ-Performance-Index, to its more conventional capital-value FAZ 100 index. The DAX now publishes a calculation based on the late-afternoon close of the IBIS electronic trading system, as well as the earlier close of the physical market.

France, like the London market, now has a consistent set of indices. The CAC-40 index, the main real-time indicator, is a subset of the new SBF 120 index, soon to be calculated in real time. It, in turn, is a subset of the SBF 250, which replaces the old CAC General index.

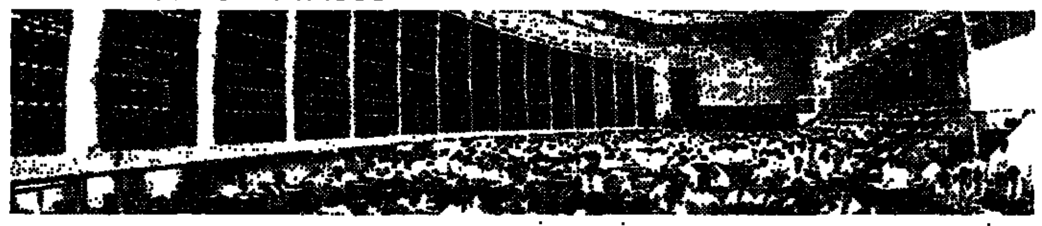
Italy's new Mibtel index, which now covers all 152 stocks traded on Milan's electronic system, is rebased to 10,000 each year. This used to be common in continental Europe, but has largely been discarded because it makes long-run comparisons harder.

Canada's TSE 100, launched last year, uses as its key criterion a company's float capitalisation: the value of the portion of the equity that is available for trading. Many big Canadian companies have substantial portions of stock in the hands of controlling investors. This is excluded for the purposes of selecting constituents and calculating weighting.

Finally, today marks the first publication of the new FT-SE Actuaries All-Share industry sectors. It is also relaunch day for the FT Gold Mines index, formerly of South African companies. It now covers 34 gold producers worldwide. Indicative figures will be published weekly during January, with daily publication starting in February.

Gold Mines index, Page 22

A wave of new indices



Country	Index	No. of stocks	
Canada	Toronto SE 100	100	Top 100 float-cap-weighted stocks from 150 most active
France	SBF 120/250 indices	120/250	120 will be real time, 250 is end of day
Germany	FAZ-Performance-Index IBIS/DAX	167 30	Extension of FAZ 100, includes dividends New afternoon calculation of standard German index
Italy	Mibtel	152	Every 15 mins, starts at 10,000 every year
Japan	Nikkei 300	300	Cap-weighted; intended to replace Nikkei 225 as benchmark
Netherlands	Amsterdam EOE Index (AEX)	25	To be cap weighted, 10% ceiling on Royal Dutch, Unilever. Currently only 24 stocks
World	FT Gold Mines Index	34	Relaunched this year. Now covers all big gold producers

Williams buys US lockmaker for $80m

By Peggy Hollinger in London

Williams Holdings yesterday boosted its presence in the US security market with the $80m purchase of a commercial locks manufacturer, Corbin & Russwin.

The deal, Williams' largest acquisition since the £330m purchase of Yale & Valor in 1991, will propel the group into the number two position for commercial locks in the US, after Ingersoll Rand. Industry sources estimate Williams will have 24 per cent of an annual market worth roughly $623m, while Ingersoll Rand is thought to have 34-36 per cent.

Williams is paying cash to buy the Corbin & Russwin architectural hardware business from Black & Decker.

Corbin and Russwin claims roughly 10 per cent of the builders' hardware market in the US, supplying cylinder and mortice locks to commercial customers such as hospitals. Black & Decker is retaining the retail business which supplies locks for domestic uses.

Corbin & Russwin has been rationalised in the past two years and achieved profits of $3.3m on sales of $78m in 1993, after heavy restructuring charges. Further charges are expected as the business is integrated with Yale in the US, but Williams maintains the acquisition will not dilute earnings.

The deal is expected to increase Williams' year-end gearing from 40 per cent in December 1992 to roughly 60 per cent. However, Mr Nigel Rudd, chief executive, said he was comfortable with the increase. Indeed, given Williams' spread of business and $370m in long-term borrowing facilities, he was prepared to see gearing rise to as much as 100 per cent if the right acquisitions presented themselves.

The group had nothing in its sights, but Williams would eventually be looking for acquisitions to expand the security division in Europe, Mr Rudd said.

The Yale business in the US had been focused, until now, on door-closing devices. The deal brought Yale back into locks, for which it was more widely known in Europe.

Worldwide annual sales of the Yale security division would be about $300m after the acquisition, two-thirds of which would be in the US. The acquisition's net assets at completion are expected to be $35m.

Background, Page 17;
Lex, Page 14

Barry Riley

Dreams versus hard facts in private banking

With private banks, mystique counts for a lot. So has the small London-based bank Leopold Joseph taken a big risk by trying to open up the normally opaque investment process and emphasise that disorientating concept (for private bankers) of value for money?

Leopold Joseph has just launched a new approach to portfolio management based upon index-tracking mutual funds, under the slightly pretentious title of the Optimised Investment Service. This is aimed at private clients and the kind of charities and smaller institutions which find private banks congenial.

The investment management industry has been polarising into the managers serving big institutions, which demand rigorous reporting and performance measurement, and the smaller client managers; such advisers make it their business to emphasise relationships and service rather than statistics.

Performance figures have had the effect of ruthlessly sorting out the sheep from the goats among big pension fund managers. Over the past 10 years a lower quartile UK manager would have turned an initial £1m into £4.3m but an upper quartile manager would have generated £6.5m. Unfortunately there is a strong possibility in this business that a sheep may metamorphose into a goat, or even a donkey.

For private banks and similar firms the performance numbers can be very difficult to find. Usually there is a vague claim to expertise, unsupported by quantitative evidence. A bank may, for instance, claim to be able to find investments which are fundamentally undervalued by the markets. It may be able to use "detailed economic and company research from the most highly regarded sources" which can be combined with its "strong in-house analytical capability".

I am teasing Leopold Joseph here because these phrases come from its latest annual report, published last July. Its new brochure on the Optimised Investment Service observes more candidly that the conventional private client and smaller institutional fund manager will find it very difficult to add value.

A sheep may metamorphose into a goat, or even a donkey

Evidence is, I repeat, hard to come by, but LJ has taken the published performance of UK general unit trusts as a proxy for what the private client and small institutional manager may be achieving. Over a recent five-year period (ended last April) the average trust underperformed the FT-A All-Share Index by almost 3 per cent a year (even ignoring the bid-offer spread).

The bank reckons that the total cost of managing a conventional £1m portfolio for a 40 per cent taxpayer resident in the UK may be about 3.2 per cent a year, about 2 percentage points of which arises from capital gains tax and commissions resulting from portfolio switching.

These costs can be halved by changing to the "optimised" strategy which eliminates all stockpicking and relies on top down asset allocation using index funds, deposits and bonds. The saving effectively comes from a reduction in transaction costs and taxes.

One problem, however, is that some of the same doubts are associated with asset allocation as with individual stockpicking: can the costs of switching really be recouped through the exercise of investment skills in efficient markets? The logical extreme here is to index to some kind of consensus strategy, a service actually available to UK pension funds from Barclays de Zoete Wedd Investment Management.

But of course the client is usually not at all happy dealing with a computer, and this is the marketing problem. A private banking client may not be all that rich and may be expensive to service, but he (or she) thinks he deserves a premium service and that is the ego-massaging relationship that the most successful private client managers provide.

The client wants to believe that his portfolio manager is clever and well informed, not least because he would like to think he has been smart in choosing him in the first place. Part of the deal is an individualised portfolio, which just happens to make it very difficult to produce comparable performance statistics.

Portfolio management all too often represents the triumph of greed over experience. Leopold Joseph somehow has to put over its low-cost approach to clients without destroying their dreams of outperformance.

French property bank fixes rescue

By John Ridding in Paris

Le Comptoir des Entrepreneurs, the French property bank, has reached agreement with its principal shareholders on a rescue plan which involves the sale of FFr9bn ($1.5bn) of credits and non-performing assets to a newly created company.

The plan will strengthen the balance sheet of CDE, one of the most serious victims of the downturn in the French property market. Provisions against non-performing property loans resulted in net losses of FFr940.5m in the first half of last year, compared with net profits of FFr23.7m in the first six months of 1992, forcing CDE to turn to its state-owned shareholders for support.

The terms of the rescue plan, which is expected to receive final approval within the next few days, involve a complex process which is based on the establishment of a new vehicle for CDE's non-performing loans.

The five state-owned financial institutions which have a controlling stake in CDE – the Caisse des Dépôts et Consignations, Crédit Foncier and the insurance companies Assurances Générales de France, Union des Assurances de Paris, and GAN – will hold shares in the new company.

The purchase of the assets from CDE will be achieved through a bond issue, the proceeds of which will go to the property bank. This is expected to take place in the first quarter.

Industry observers said the scheme was necessary to remove bad loans from CDE's balance sheet and restore its capital ratios. "It has been clear for a long time that something had to be done," said one analyst in Paris. "This clean-up should help get CDE back on its feet."

The principal shareholders in CDE have already taken substantial provisions against losses from the company.

Analysts estimate that AGF, the largest shareholder with just under 30 per cent of the shares, faces costs of more than FFr1bn from its exposure to the property bank, including provisions of FFr300m taken in the first half of last year.

The successful implementation of the restructuring plan should defuse the most serious crisis in CDE's 145-year history. It was founded to provide state-subsidised loans for cheap housing, but expanded into commercial and private property lending.

Weatherstone called for Banesto crisis meeting

By Peter Bruce in Madrid and John Gapper in London

Sir Dennis Weatherstone, chairman of J. P. Morgan, the US bank advising Banco Español de Crédito (Banesto), wrote to the central bank of Spain on the day it ousted Banesto's board of management, asking for a meeting to explain Morgan's position.

Sir Dennis wrote to Mr Luis Angel Rojo, the central bank's governor, last Tuesday asking him to meet Mr Roberto Mendoza, Morgan's vice-chairman who sat on Banesto's board.

Sir Dennis' letter, written following the central bank's intervention, emphasises that Mr Mendoza represented J. P. Morgan's corporate office, "where all decisions relating to the investment by Corsair in Banesto have been made".

Corsair is the investment fund managed by Morgan on behalf of US investors which bought $175m of equity in Banesto last summer. Mr Mendoza sat on Banesto's board as a representative of Corsair, and supervised Morgan's advisory work.

Sir Dennis' letter indicates that he was familiar with Morgan's dealings with Banesto. Morgan yesterday described as "completely false" a report in the Spanish newspaper El Pais that Mr Mendoza had failed to keep Sir Dennis informed.

Sir Dennis said in the letter he "would appreciate" a meeting between Mr Mendoza and Mr Rojo, "given the gravity of the measures taken by the Bank of Spain".

Morgan believed that Banesto, Spain's fourth-largest bank, was in a better condition than Mr Rojo claimed last week. It estimated that Banesto's assets were over-valued by Pta372bn ($2.6bn), compared with the Bank's estimate of Pta503bn.

Mr Rojo told the Spanish parliamentary finance committee that the central bank had intervened after discovering a serious over-valuation of Banesto's assets, partly created by over-rapid growth in loans between 1988 and 1991.

The document written by the bank to justify intervention shows that Morgan thought the over-valuation was less serious. In particular, it put the over-valuation of loans at Pta166bn, rather than the Bank's figure of Pta223bn.

Although Morgan executives are thought to accept that the central bank was right to intervene when the run on deposits started, they had believed until then that Banesto could return to profitability helped by further capital-raising.

Mr Mario Conde, Banesto's former president, was dismissed along with other board members when the central bank intervened.

Fresh cash for joint Czech and Slovak bank

By Anthony Robinson

The Czech and Slovak governments have injected new capital and strengthened the balance sheet of Ceskoslovensko Obchodni Banka (CSOB), their jointly-owned foreign trade bank. The move is the latest in a series designed to improve the operational efficiency and profitability of the bank and set it on course for privatisation.

The governments have injected Kcs4.05bn ($135m) into the foreign trade bank of the former Czechoslovak socialist republic, and transferred Kcs40bn of bad and doubtful debt into two new "collection units," to be funded and managed by CSOB. The bank also implemented credit write-downs which, together with the capital injection, raised its capital adequacy ratio to 6.25 per cent at the year end. The ratio should rise to 7 per cent by the end of 1994.

The bank, which finances over half the foreign trade of both republics, is 73 per cent-owned by the Czech government, which provided $100m of new capital, and 26 per cent by the Slovak government, which provided the remaining $35m. One per cent of shares are held by bank employees.

It will report an increased operating profit for 1993 before providing for bad debts, but an overall loss for the year.

Unlike with other Czech and Slovak banks, which have been permitted to transfer all or part of their bad debts to specially-created consolidation banks, the two governments began to restructure CSOB in December 1992 by assuming liability for Kcs95bn of state-related assets and Kcs74bn of state-related liabilities.

These included domestic loans made to state enterprises under the central planning rules, and doubtful foreign loans to former socialist states and big arms purchasers such as Iraq.

N. M. Rothschild has been advising the bank on financial restructuring with a view to eventual privatisation.

Paris theme park woes hit Disney chairman's pocket

By Martin Dickson in New York

The financial troubles of the Euro Disney theme park near Paris have claimed a new victim: Mr Michael Eisner, chairman of Walt Disney, collected no bonus in 1993 for the first time in almost 10 years as head of the Hollywood company.

Walt Disney owns 49 per cent of the loss-making Euro Disney, and is involved in negotiations with the company's creditor banks for an emergency restructuring of its debt.

Walt Disney reported a sharp drop in 1993 net income last November, to $299m from $816m, largely because of the problems of Euro Disney. It took a $350m fourth-quarter charge to cover difficulties at Euro Disney, and lost $514m on its investment in the full year.

The downturn meant the company failed to meet the financial targets necessary to trigger Mr Eisner's bonus scheme, which is calculated according to a formula based on net income and return on equity.

Mr Eisner received a salary of $750,000 and exercised options during the year on Disney stock valued at $202m. In 1992, Mr Eisner's bonus was $6.7m, while the year before that it was $4.7m and in 1990 it totalled $10.5m.

In an interview published last week by the French magazine Le Point, Mr Eisner warned that the closure of the Paris park would be a possibility if Euro Disney failed to reach an agreement with its creditor banks.

Michael Eisner: results failed to trigger bonus scheme

Bristol Myers unveils shake-up

By Richard Waters in New York

Bristol Myers Squibb has announced an overhaul of its operations and extensive job losses. It joins a growing list of US drugs group fighting to keep pace with changing market conditions in the pharmaceuticals industry.

Some 5,000 jobs will be shed over the next two years, many of them as a result of a restructuring of the group's sales and marketing operations in the US and Europe.

The company has been slower than other US pharmaceuticals groups to cut costs and focus its sales and marketing operations to managed care buyers in the US. Managed care groups, which buy in bulk, now account for a large part of total drug purchasers, and have forced drug groups to discount heavily.

As part of the restructuring announced yesterday, Bristol Myers said the US sales force would be reorganised into 12 regional groups, backed up be a strengthened managed care group and marketing staff.

The company said it was removing a layer of management in Europe, and that its 11 business units on the continent would report directly to a European headquarters rather than through four regional divisions.

These changes would reduce staff in the pharmaceuticals business around the world by 3,000 in all, the company said. Some 1,500 of the 5,000 job losses would come from a voluntary redundancy programme announced last summer.

Sharp rise at Swiss banking unit

By Ian Rodger in Zurich

OZ Zürich Optionen und Futures, the quoted futures and options unit of the BZ banking group, has reported a sharp rise in 1993 profit, to some SFr80m ($54m) from SFr17.6m in 1992.

However, it pointed out that SFr28m of the increase arose from the liquidation of provisions that would no longer be needed because it planned to establish a holding structure this year.

OZ said shareholders' equity stood at SFr300 per share at the end of the year. The directors would propose repaying SFr30m or SFr50 per share of equity at the AGM on January 22.

● Banca del Gottardo, the Swiss bank in which Japan's Sumitomo Bank holds a 55 per cent controlling interest, has reported a 50 per cent jump in parent bank net income in 1993, to SFr63m.

The directors said the downward movement of interest rates contributed to the "very positive results," as did opportunities in volatile financial markets. They have proposed raising the dividend from SFr20 per share and participation certificate to SFr25.

Gottardo said its cash flow jumped 21 per cent to SFr151.9m.

A lesson in diversification survival

Ian Rodger gets to the root of Motor Columbus's financial troubles

If the idea of aggressive diversification still had any credibility, Motor Columbus, the Swiss electrical power production and engineering group, has put an end to it.

The group, one of the world's best known engineers of hydro-electric projects, has just survived by a whisker a disastrous diversification binge that began in the mid-1980s.

At the end of 1992, when a reckoning was finally made, the group's trading profits barely covered its SFr262m ($176.4m) interest charges. It had to write off SFr257m on misadventures, and was left with shareholders' funds of a mere SFr2m. The dividend was passed.

Today, under new management, Motor Columbus is firmly on the recovery trail, after several disposals and with a new concentration on core electricity-related businesses. Its bearer shares were one of the top performers in a perky Swiss stock market last year, trebling to a recent SFr1,570.

The group's diversification programme began in the mid-1980s, when profits from electricity generation were being squeezed and the Swiss government suddenly scrapped a nuclear power plant project. Motor Columbus, which had a big engineering team working on the project, took a write-off of more than SFr200m, and began to diversify into high-technology services.

The first initiatives were in cable television. The group acquired rights to build systems in parts of France, Germany and Switzerland. The Swiss and German systems worked out fairly well, but the typical Swiss penchant for building everything with a copper bottom went awry in France. Motor installed an ultra-modern system in Alsace with fibre optic cables and interactive capability, and then discovered that the subscribers were unwilling to pay a big premium for it. The result: SFr100m of the group's SFr150m investment there was written off.

A second thrust was into the data communications sector, with a big investment in WorldCom, a US private line-leasing business that did well until American Telegraph & Telephone started cutting prices.

Motor was lucky though, being able to sell WorldCom to IDB Communications, a US telecoms group, in return for a 40 per cent share stake in IDB. Most of that stake was sold in November at a net profit of SFr200m.

It was less lucky in its third area of diversification, service and manufacturing businesses. These varied from water purification equipment to proteins for pharmaceuticals, electronics for textile machinery and powder coatings. Most have been sold or closed.

The one large remaining non-core business is Studer Revox, which makes specialised audio studio equipment and upmarket consumer electronics. Last year, losses and write-offs at Studer reached SFr100m. The two businesses have been revived under new management, and are being readied for sale.

At their peak in 1991, the diversifications generated a little over a quarter of the group's SFr1.9bn turnover, but only 6 per cent of its SFr283m trading profit.

In 1991, with the recession deepening, directors saw disaster looming. Mr Ernst Thomke, a highly-regarded former executive at the SMH watchmaking group, was brought in to perform surgery.

It did not take long to set a new course. Ironically, in the middle of the diversification binge, the group's principal electricity-generating subsidiary, Atel, had found an exciting new source of growth in electricity trading.

With a large pool of hydro power generation and a high-tension transmission network criss-crossing Switzerland, Atel was in an excellent position to deal in electric power with neighbouring Italy, France and Germany.

The competitive advantage of hydro power is its flexibility. It can be turned up or down as needed within seconds, without adding any significant marginal cost. Electricity dealing in central Europe is conducted daily by telephone, and Atel is an important player. Last year, more than half of its SFr1.4bn turnover came from trading, and Motor is vigorously expanding the network's capacity and coverage.

Analysts are reckoning on a sharp turnround at Motor in 1993, from 1992's SFr225m net loss to a profit of about SFr70m. For their part, the directors have recently demonstrated optimism that the group can trade out of its crisis by cancelling 94,000 shares held in treasury against bonds that were never converted.

This turnround has restarted speculation about Motor's ownership. Union Bank of Switzerland holds a 40 per cent block of shares, bought in the mid-1970s. Swiss analysts have speculated about a merger between Motor and Electrowatt, a similar company and part of the CS Holding financial services group built around Credit Suisse.

Whatever happens, Motor could soon be back in a dilemma similar to the one it faced in the 1980s: what to do with a brisk surplus cash-flow. One thing is sure, diversification is out of the question.

[illegible] in England and Wales.

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.20	18.22	18.22
0100	25.82	25.32	27.15
0130	25.82	25.32	27.15
0200	25.82	25.32	27.15
0230	25.82	25.32	27.15
0300	25.82	25.32	27.15
0330	25.82	25.32	27.15
0400	25.82	25.32	27.15
0430	18.17	18.17	18.17
0500	18.11	18.11	18.11
0530	23.20	21.19	23.03
0600	23.20	21.19	23.03
0630	23.27	23.08	24.61
0700	23.65	23.25	25.08
0730	23.67	23.27	25.10
0800	23.98	24.15	25.98
0830	24.56	24.15	25.98
0900	24.61	24.16	25.98
0930	24.62	24.77	26.61
1000	24.62	24.78	26.61
1030	24.62	24.78	26.61
1100	25.67	24.78	26.61
1130	28.68	24.78	26.62
1200	30.25	24.78	26.62
1230	32.08	24.78	26.62
1300	32.06	24.48	26.32
1330	30.19	24.48	26.31
1400	25.64	24.48	26.31
1430	18.27	24.47	26.31
1500	18.27	24.47	26.31
1530	18.28	24.48	26.31
1600	30.52	24.97	26.98
1630	42.34	36.70	39.57
1700	48.19	45.59	49.66
1730	48.48	45.61	49.69
1800	43.60	43.50	46.09
1830	37.62	30.23	32.21
1900	30.22	26.27	28.13
1930	25.08	25.61	27.65
2000	25.02	24.46	26.29
2030	25.00	24.24	26.07
2100	24.99	23.41	25.24
2130	23.67	23.41	25.24
2200	23.63	23.41	25.24
2230	23.50	23.41	25.24
2300	18.20	23.09	24.92
2330	18.07	18.07	18.07
2400	18.04	18.07	18.07

[illegible]

Ford pins its hopes on Windstar

Martin Dickson looks at the US multi-purpose vehicle market

The first shots in a multi-billion dollar battle for the hearts and cheque books of affluent suburban American families will be fired in Detroit this week at the city's annual international motor show.

For the show, which opens to the public at the weekend, will mark the official unveiling by Ford Motor of its new Windstar mini-van, which poses the most serious threat yet to Detroit rival Chrysler's hold on this fast-growing and highly profitable segment of the US vehicle market.

Mini-vans, as they are called in the US, are seven-seater passenger vehicles which look similar to small vans but have the handling characteristics of a car. In Europe, they are generally called multi-purpose vehicles and the best known is probably the Renault Espace.

In the decade since Chrysler pioneered the mini-van in 1983, the vehicles have largely replaced the family station wagons which once dominated suburban America.

Mini-vans, bought mainly by parents between the ages of 35 and 50, can accommodate more children, in much roomier, more comfortable and flexible conditions than traditional estate vehicles, and still leave plenty of luggage space. They can significantly reduce the stress inherent in travelling with a young family.

Sales have risen by over 10 per cent a year in the past two years, topping 1m units in 1993, and are expected to keep rising as the baby-boom generation moves through its child-rearing phase.

Chrysler still dominates the sector, accounting for about 45 per cent of sales with its boxy but easy-handling, front-wheel drive Caravan and Voyager vehicles – having beaten off repeated challenges from domestic and foreign rivals.

Ford currently holds around 24 per cent of the market. Its main entrant in the sector, the Aerostar, is a rear-wheel drive vehicle with a very truck-like appearance, although in late 1992 it introduced a more attractive small vehicle, the Mercury Villager, which has sold well.

General Motors, the least efficient US manufacturer, holds about 22 per cent. Its Chevrolet Lumina, Oldsmobile Silhouette and Pontiac TransSport vehicles, which have a beaky nose and plastic body, have sold poorly since their introduction in 1990.

Sales in the US of 'mini-vans' have risen by more than 10 per cent a year in the past two years, topping 1m units in 1993, and are expected to keep rising as the baby-boom generation moves through its child-rearing phase

Japanese companies largely make up the rest of the sector, but they have failed to increase their market share, partly because of design, partly because of the high yen and partly because of anti-dumping suits against their vehicles filed by Detroit's Big Three.

The new Windstar poses a threat to Chrysler because it is an easy to handle, front-wheel drive vehicle which essentially matches the largest of Chrysler's vans in size and most popular features and adds an additional dash of style. Its curvy, aerodynamic appearance makes it look much more car-like than most competitors.

Ford plans to build up to 270,000 Windstars a year, which would put it among the company's 10 top-selling vehicles. As it is, Ford increased its share of the US car and truck market from around 23 per cent in 1987 to some 25.4 per cent in 1993, thanks to a string of successful new or revamped vehicles such as the Taurus family car and the Explorer sports utility.

It has also just launched a new version of its Mustang sports car to strong demand, and this year will bring out American versions of its prize-winning "world" car, known in Europe as the Mondeo.

But for all this success, Ford is currently far less profitable in North America than the much smaller Chrysler, which has bounced back from financial problems with a series of hit vehicles of its own, as well as strong controls on costs.

And Chrysler, which makes around 480,000 mini-vans a year, is hardly going to give up its share of this market lightly.

The invention of the mini-van played an important part in saving it from financial crisis in the early 1980s and it still refers to the vehicle as a "crown jewel" because of the fat profit margins it generates.

Many analysts expect Chrysler to greet the Windstar with a pre-emptive price cut – repeating a tactic it pursued three years ago when GM launched its beaky mini-vans.

Chrysler has also been giving journalists sneak previews of a totally re-engineered mini-van it plans to launch in the 1996 model year. Mr Bob Lutz, Chrysler chairman, boasts that "our mini-van will come out a year after Windstar, but it will clearly be a generation and a half beyond, both aesthetically and functionally".

However, Mr Ed Hagenlocker, who heads Ford's North American automotive operations, says that, because of growth in the mini-van market, Ford and Chrysler will be able to "co-exist very nicely".

He points out that this happened in another fast-growing market segment, for sports utilities. These are four-wheel drive vehicles, similar to a Land Rover, which give the driver a sense of off-road ruggedness, even though they are bought mainly by baby-boomers whose prime experience of the wild is jostling for parking space in a suburban mall.

When Ford burst into this market with its Explorer vehicle, which has become the market leader, many analysts forecast it would seriously depress Chrysler's sales volume. But Chrysler's sales have also risen strongly, thanks to the introduction of a new vehicle of its own, the Jeep Grand Cherokee, and the rapid growth of the overall market.

"It really hasn't been a head-to-head confrontation," says Mr Hagenlocker. "We both sell everything we can build, because the segment is product-driven."

As for mini-vans, he says existing owners tend to be loyal to the products they drive but around six out of 10 new purchasers are switching from car ownership. "Among the 60 per cent that come from the car park, we think the Windstar will do very well."

Several analysts agree and suggest that Ford could boost its share of the market to around 30 per cent – although not necessarily at Chrysler's expense. The biggest loser could be GM, which is not due to replace its mini-vans until the middle of the 1996 model year.

Whatever the outcome, a longer-term issue is just how long the mini-van market can keep growing. Mr Joel Pitcoff, research manager for Ford in North America, points out that "the age group that spawned the success of the mini-vans is approaching the age of empty nesters. A big question is what will happen to their tastes when their children go off to college.

"Only in Jack and the Beanstalk," he adds, "do things grow to the sky."

Kleinwort Benson in Indian fund venture

By Alexander Nicoll, Asia Editor

Kleinwort Benson, the UK merchant bank, is joining forces with Tata Group, India's largest private sector conglomerate, to establish a new fund management company.

The joint venture, Tata Asset Management Company, is 20 per cent owned by Kleinwort and 80 per cent by Tata Sons, the group holding company, and Investment Corporation of India, also a Tata company.

The venture is taking advantage of a liberalisation in the Indian fund management business which until recently was dominated by the state-owned Unit Trust of India. About 20 companies are planning fund management arms, some with foreign backing.

The new venture plans to launch a closed-end mutual fund during the first quarter of the year.

Mr Derek Condon, a Kleinwort executive who will be managing director based in Bombay, said the venture would be aimed principally at the domestic Indian market, particularly the growing middle class population.

Kleinwort estimates that economic reform is producing an increase in the number of new retail investors of between 2m and 3m people per year and that they are increasingly turning to the capital markets.

TENDER NOTICE

UK GOVERNMENT ECU TREASURY BILLS

For tender on 11 January 1994

1. The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 11 January 1994. An additional ECU 50 million nominal of Bills will be allotted directly to the Bank of England.

2. The ECU 1,000 million of Bills to be issued by tender will be dated 13 January 1994 and will be in the following maturities:
ECU 200 million for maturity on 10 February 1994
ECU 500 million for maturity on 14 April 1994
ECU 300 million for maturity on 14 July 1994

3. All tenders must be made on the printed application forms available on request from the Bank of England. Completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on Tuesday, 11 January 1994. Payment for Bills allotted will be due on Thursday, 13 January 1994.

4. Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.

5. Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.

6. Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with ESO, Euro-clear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on Thursday, 13 January 1994 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 500,000, ECU 1,000,000, ECU 5,000,000 and ECU 10,000,000 nominal.

7. Her Majesty's Treasury reserve the right to reject any or part of any tender.

8. The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Bill programme issued by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, and in supplements to the Information Memorandum. All tenders will be subject to the provisions of that Information Memorandum (as supplemented).

9. The ECU 50 million of Bills to be allotted directly to the Bank of England will be for maturity on 14 July 1994. These Bills may be made available through sale and repurchase transactions to the market makers listed in the Information Memorandum (as supplemented) in order to facilitate settlement.

10. Copies of the Information Memorandum (and supplements to it) may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act 1968 and the Treasury Bills Regulations 1968 as amended.

Bank of England
4 January 1994

INTL COMPANIES AND CAPITAL MARKETS

Companies issue a new record

Raising finance is a booming activity, reports **Patrick Harverson**

Companies worldwide raised a total of $1,500bn in debt and equity financing last year, and investment bankers hope that if international markets compensate for an expected slowdown in US underwriting activity more records could be broken in 1994.

According to Securities Data, the US financial information group, $1,100bn of corporate debt and equity was issued in the US last year, with another $404bn issued on the Eurobond and international equities markets.

The total easily eclipsed the previous record of $1,100bn, set in 1992.

The driving force behind the global underwriting bonanza was low interest rates and buoyant stock markets. A rush of privatisations in Europe, rapid growth in emerging financial markets, heavy demand from institutional and individual investors for stock and bonds, and the continued trend among US companies to lighten their debt loads, were also important.

As always, US capital markets dominated the global scene. Domestic financing in the US topped $1,000bn for the first time, and shattered the previous record of $856bn, set in 1992. The rush among US companies to refinance existing debt at lower rates pushed total corporate bond issuance to $422bn last year, up 37 per cent on 1992's record figure.

Volume of US stock and bond issues

Year	Proceeds ($bn)
1987	277
1988	279
1989	310
1990	314
1991	590
1992	857
1993	1,063

Source: Securities Data

The big story in the corporate bond sector was the frenzy in the high-yield or junk market, where companies with debt rated below investment grade stampeded to raise money. The volume of junk bond sales reached $54bn, more than the total issued in the previous three years.

It was an astonishing recovery from 1990, when only $1.4bn was issued in the wake of the collapse of Drexel Burnham Lambert, the Wall Street investment bank that had pioneered the issue of high-yield debt.

The junk bond market thrived for two reasons: companies with low investment ratings rushed to raise funds, either to pay off expensive debt with cheaper credit or to meet tough repayment schedules; and securities paying high returns were in demand from investors frustrated with low yields on traditional corporate debt and equity.

The strong performance of US share prices persuaded many companies that the time was right to raise money through new stock issues last year.

A total of $102bn was raised from the sale of common stock in 1993, 40 per cent more than the previous year.

The market for initial public offerings of stock (IPOs) was particularly busy as more than 800 companies went public in the rush to take advantage of high equity valuations and insatiable demand from investors. At the end of the year, IPO volume had reached an all-time high of $57bn, up from $40bn in 1992.

The huge volume of underwriting business last year delighted Wall Street securities firms, who between them earned $9.1bn in fees and so smashed the 1992 record of $6.8bn. Merrill Lynch was the biggest underwriter for the sixth consecutive year, followed by Goldman Sachs, Lehman Brothers, Morgan Stanley and Salomon Brothers.

The big question on Wall Street today is whether 1994 can match last year. The consensus is yes – but only if international activity grows strongly.

US interest rates are forecast to rise this year, which will cut the size of corporate debt issuance. Also, demand from investors for stock and bonds is expected to shrink. Consequently, financing activity is likely to slow down in 1994, although the sale of new stock and bonds by companies to finance mergers and takeovers may help offset some of the declines.

Ultimately, however, investment bankers are relying on the international capital markets to pick up the slack from the US.

Interest rates in Europe and elsewhere are expected to continue to fall or stay historically low in 1994 and, with the pace of privatisations likely to remain strong in Europe and the emerging economies, the volume of underwriting outside the US this year should exceed 1993.

Japanese to allow share buybacks

By Emiko Terazono in Tokyo

The Japanese government is next month expected to detail new rules allowing companies to buy their own shares.

Japanese companies are currently banned from buying back their own outstanding shares, but a plunge in Japanese share values in 1992 prompted the government to consider changes in the commercial code to reduce the extra supply of shares on the Tokyo market.

The Tokyo stock market saw the number of shares surge during the asset "bubble" of the late 1980s, as corporations dipped into the stock market to raise funds through rights issues and equity-linked instruments.

Leading businesses, now wary of the stock market slump, have been calling for the government to lift its ban on share buybacks by companies.

Advisory bodies to the justice ministry and finance ministry are currently studying the details, and in February are expected to announce their proposals, including detailed disclosure by companies which buy back their shares. The government wants to make legal changes for implementation from next April.

COMPANY NEWS IN BRIEF

Medco boss given greater role in Merck management reshuffle

Merck, the US's biggest pharmaceuticals group, reshuffled its senior management team to give a prominent role to Mr Martin Wygod, chairman of the recently-acquired Medco Containment Services, writes Richard Waters in New York.

Mr Wygod, a drug industry entrepreneur who shook established giants like Merck before selling his company last November for $6bn, has been given responsibility for operations that account for more than half Merck's sales.

He will run all of Merck's North American prescription drug businesses. Mr Jerry Jackson, former head of the group's worldwide human health division, will now be responsible only for the non-US part of the business.

Through Medco, Mr Wygod has been prominent in driving down prices for large-scale buyers such as managed care organisations. Part of his responsibility will be a new division in Merck, announced yesterday, which will merge Merck and Medco's sales and marketing operations to managed care organisations.

JP Morgan sells trust business

J. P. Morgan sold its US corporate trust business in the latest sign of consolidation in the fiercely competitive US market for custody and other securities services, writes Richard Waters. The Morgan business, which acts as trustee to 3,800 bond issues for 650 US companies, has been bought by First Bank System, a Minneapolis-based banking group. First Bank said this and other acquisitions would make its corporate trustee business the fifth largest in the US.

Reuters offers municipal deal

Reuters subscribers will soon be offered a "comprehensive" set of municipal securities information products in a deal between the international news and information company and JJ Kenny.

Under the agreement JJ Kenny, a wholly owned subsidiary of McGraw-Hill the municipal bond inter-dealer broker, will make available to Reuters subscribers the Blue List of daily municipal and corporate bond offerings, Kenny Drake market data, and KENNYBASE (R), an on-line database describing over 1.6m tax-exempt securities.

Total return in local currency to 31/12/93

	% change over period					
	US	Japan	Germany	France	Italy	UK
Cash						
Week	0.06	0.05	0.13	0.13	0.16	0.10
Month	0.30	0.20	0.55	0.57	0.75	0.45
Year	3.94	3.63	7.69	9.60	13.06	6.69
Bonds 3-5 year						
Week	-0.23	0.23	0.32	0.24	0.16	0.25
Month	0.38	0.47	1.05	1.69	4.04	1.74
Year	9.50	11.78	13.48	18.36	28.17	15.00
Bonds 7-10 year						
Week	-0.45	0.25	0.45	0.33	0.10	0.88
Month	0.59	1.85	1.93	3.11	6.66	3.77
Year	13.65	15.77	17.94	25.30	39.22	22.84
Equities						
Week	-0.1	0.8	1.7	1.2	1.1	0.8
Month	1.3	4.8	8.9	8.3	13.8	8.4
Year	9.6	11.7	47.6	31.9	48.7	26.7

Source: Cash & Bonds - Lehman Brothers. Equities - © NatWest Securities. The FT-Actuaries World Indices are jointly owned by The Financial Times Limited, Goldman Sachs & Co., and NatWest Securities Limited.

INTERNATIONAL CAPITAL MARKETS

Dealers take post-Christmas profits

By Norma Cohen and Sara Webb in London and Frank McGurty in New York

European government bond markets fell broadly as traders cashed in profits following the Christmas season rally and braced themselves for possible adverse economic data later in the month.

■ In the UK, an unexpectedly large jump in the narrow M0 money supply measure dampened expectations of further interest rate cuts and sent prices of gilts down sharply. Money supply expanded at an annualised rate of 5.8 per cent in December, well beyond the Treasury's 4 per cent target band, particularly depressing the longer end of the yield curve. The nearby March gilt futures contract fell to a low of 119.02 from the peak of 120.20 on December 29 before recovering at the close.

■ In Germany, bund prices eased as dealers took post-Christmas profits, triggering some technical selling as prices fell through key support levels.

There is also some nervousness ahead of German cost-of-living data, which may be released this week, and little expectation that recent economic data has shown sufficient weakness to prompt a cut in the German discount rate when the Bundesbank Council meets this Thursday.

■ Italian government bond prices closed modestly higher, aided by optimistic assessments about Italian inflation for 1994. However, dealers remain concerned about a no-confidence debate in Parliament which could delay national elections tentatively slated for March.

■ The combination of yen weakness against the US dollar, Monday's sell-off in the US treasury bond market and the prospect of new supply later this week all helped to push Japanese government bonds lower in yesterday's half-day trading session.

The March futures contract opened at 117.33 and fell to a low of 117.08 before closing at 117.10. This compares with the close of 117.53 on December 30, the previous half-day session.

GOVERNMENT BONDS

The dollar strengthened yesterday against the yen, trading at Y113.45, compared with Y111.845 on December 30. Adding to the market's weakness is the expectation of an auction of about Y1,000bn of 10-year government bonds this week. Dealers said the coupon on the new bond issue is expected to be about 3.4 per cent.

■ US Treasury bond prices recovered some ground after a heavy sell-off in the previous session, as the market cautiously awaited December employment data due out later this week.

By midday, the benchmark 30-year government bond was $\frac{5}{32}$ ahead at $98\frac{3}{32}$, with the yield rising to 6.372 per cent. At the short end, the two-year note was $\frac{1}{32}$ higher at $99\frac{31}{32}$, to yield 4.266 per cent.

After a week in which longer-dated yields climbed about 15 basis points, demand resurfaced in a market that is once again edgy over the prospects of inflation. Taking advantage in a lull in the economic release calendar, traders followed through on early futures-led buying and lifted the 30-year issue to modestly higher levels by mid-morning.

The final 10-day car sales figures of 1993, due out later in the session, were not expected to sway sentiment in either direction.

Instead, the focus was firmly set on the Labor Department's report on non-farm payrolls to be released on Friday. Forecasts ranged from an increase of 225,000 to 300,000. A figure at the high end could trigger a further bout of selling.

● The French economy ministry said the Treasury would issue around FFr275bn of OATs and FFr245bn of two and five-year notes (BTANs) in 1994, Reuter reports from Paris. It said net OAT and BTAN issues, after scheduled redemptions, would be about FFr300bn in 1994 against FFr332bn last year.

The treasury issued FFr244bn of OATs and FFr231bn of BTANs in 1993, including Ecu4.2bn of bonds and notes denominated in the EU's basket currency.

The Ecu amount, some FFr28bn worth, represented about 6 per cent of the total, compared with the treasury's original wish to issue some 15 per cent of new issues in Ecu.

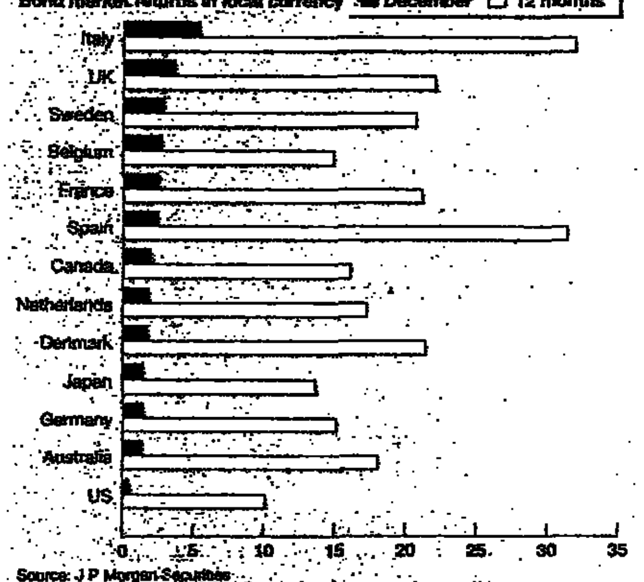
The ministry said the Balladur bond, a special offering in July that was convertible into privatised shares, allowed a reduction of FFr72bn in outstanding Treasury bills.

The treasury said it would issue two new notes at its auctions in the first quarter.

Government bonds

Total return ranking Percent, not annualised

Bond market returns in local currency ■ December □ 12 months



Source: J P Morgan Securities

Italian government bonds lead market performance table

By Sara Webb

Italy topped the government bond market performance league table in December, showing a gain of 5.3 per cent, and was the best performing market for the whole of 1993, with a return of 31.89 per cent in local currency terms, according to J. P. Morgan Securities.

"Italian government bonds rallied in December as local election results led to a lessening of political uncertainty, parliament passed an austere budget package for 1994, inflation continued to subside and further progress was made on establishing procedures for withholding tax refunds," says J. P. Morgan Securities in its monthly report.

Italy was also the top-performing bond market in US dollar terms last month, posting a gain of 4.95 per cent, although in dollar terms, the return was only 14.04 per cent for the year.

The UK was the second-best performing government bond market in December, with a return of 3.59 per cent in local currency terms, helped by the better-than-expected November inflation figures and the November 30 budget announcements.

Sweden ranked third with a gain of 2.82 per cent in local currency terms.

Many of the other European government bond markets also showed healthy advances on the back of interest rate cuts, or expectations of lower interest rates, and lower inflation.

Both Belgium and Denmark were able to cut official interest rates as their respective currencies strengthened against the D-Mark.

The worst-performing bond markets in local currency terms were the US, with a gain of just 0.43 per cent, and Australia, with a rise of 1.31 per cent.

Year starts with flurry of deals

By Sara Webb

The international bond market kicked off the new year with a burst of activity as issuers launched a flurry of new deals in a broad range of currencies.

The Euroyen sector saw several new issues and dealers expect more over the next few days. In particular, the market is awaiting the previously-announced Y300bn deal from the Republic of Italy, which is likely to come next week.

At Y300bn, it will be the largest yen-denominated deal outside Japan. The bonds are expected to have a term of between seven and 10 years to take advantage of interest in these maturities. They are likely to yield between 3.4 and 3.5 per cent, about 35–45 basis points over the relevant government benchmark. Daiwa and J. P. Morgan have won the mandate.

The Japanese finance minister abolished the "lock-up" period for Euroyen bonds issued by sovereign borrowers with effect from January 1. As a result, dealers expect to see greater interest by Japanese investors in Euroyen issues.

INTERNATIONAL BONDS

In the past, the ministry had prohibited Euroyen bonds from entering the country for the first 90 days of issuance. Instead, Japanese securities houses agreed to "warehouse" the bonds for three months before selling the paper to Japanese investors.

The Euroyen issues announced yesterday – which included deals from the Kingdom of Sweden and Finnish Export Kredit – were mainly targeted at specific investors, predominantly Japanese, syndicate officials said.

The European currency sectors saw plenty of new issuance as well, with deals denominated in D-Marks and lire. Depfa Finance announced a DM1.5bn 10-year issue with a 6 per cent coupon, yielding 45 basis points over the 2003 bund issue. Proceeds will be used for both public sector and mortgage financing.

Qwinzy Capital Group, a Hong Kong-based broker, said it is hoping to place $600m of bonds issued by Republique du Congo among emerging market investors. The zero-coupon bonds are priced at $82 and are expected to yield between 9 and 11 per cent, according to Qwinzy, which has bought the deal. The bond proceeds will be redeemed by royalty payments from Agip, the Italian oil company, which has drilling rights in the republic.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Republic of the Congo(a)	600	zero	82.00	Dec.2003	-	-	Qwinzy Capital
Federal Airports Corp.	100	7.00	100.175	Feb.2004	2.125	-	Hambros Bank
DKB International(b)‡	60	(b)	100.25R	Jan.2004	0.30R	-	DKB International
Banco Bradesco	50	8.00#	100.386R	Jan.1997	1.00R	+325(4¾%-98)	Deutsche Bank Frankfurt
D-MARKS							
Depfa Finance	1.5bn	6.00	98.74R	Jan.2004	0.325R	+45 (6%-03)	Commerzbank/M.Stanley
Bayerische Vereinsbank O'seas	1bn	5.00	101.45	Feb.1999	2.00	-	Bayerische Vereinsbank
Deutsche Finance Neths	1bn	5.75	101.73	Feb.2004	2.50	-	Deutsche Bank
YEN							
Kingdom of Sweden‡	50bn	(c)	104.70	Jan.1999	undiscl.	-	Nikko Europe
Treasury Corp. of Victoria	30bn	1.75	99.925R	Jan.1996	0.125R	-	Nomura International
Finnish Export Kredit(d,e)	10bn	2.00	100.1375R	Jan.1997	0.1875R	-	Nomura International
Finnish Export Kredit(d,f)‡	10bn	(f)	102.1175R	Jan.1997	0.1875R	-	Nomura International
FRENCH FRANCS							
France Telecom(g)	2.5bn	6.25	102.20R	Nov.2006	0.35R	+16 (g)	Credit Lyonnais
Crédit National(h)	2bn	6.00	99.97R	Nov.2004	0.375R	+30 (8¼%-04)	Société Générale
GUILDERS							
City of Amsterdam	500	5.50	98.90R	Jan.2004	0.25R	+10 (5¾%-04)	ING Bank
De NIB	200	6.00	98.85R	Feb.2009	0.35R	+20 (8¼%-07)	ING Bank
ITALIAN LIRE							
Eurofima	500bn	7.70	100.00R	Feb.2004	0.25R	-	BCI
Kingdom of Sweden	250bn	7.375	101.50	Feb.1999	1.875	-	Deutsche Bank London
Dresdner Finance	200bn	7.875	101.75	Feb.2004	2.00	-	BNL
AUSTRALIAN DOLLARS							
National Australia Bank	100	6.00	101.01	Feb.1997	1.50	-	Barclays de Zoete Wedd
SWISS FRANCS							
Spintab	150	4.125	102.00	Feb.1999	-	-	Credit Suisse

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Bonds are amortised at 2½% on par per quarter over 40 quarters. b) Coupon: 6-mth Libor +0.45% to 14/1/97 and 8% fixed annual thereafter. Short 1st and last fixed coupons. Callable on 14/1/97 at par. c) Coupon: 6-mth Libor +0.6%. d) Short 1st & 2nd coupons. e) Tranche A. f) Tranche B. Coupon: 3-mth Libor +0.4%. g) Fungible with outstanding FFr2bn. Plus 88 days accrued. Spread is over interpolated yield curve. h) Fungible with outstanding FFr3bn. Plus 72 days accrued.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/02	121.1800	-0.900	6.76	6.58	6.84
Belgium		9.000	03/03	117.2200	-0.850	6.46	6.44	6.83
Canada *		7.500	12/03	105.8000	-0.500	6.69	6.55	6.77
Denmark		8.000	05/03	112.8500	-0.350	6.15	6.16	6.38
France	BTAN	6.500	05/98	111.8800	-0.130	5.02	6.04	6.07
	OAT	6.750	10/03	107.6600	-0.600	5.63	5.72	6.02
Germany		6.000	09/03	103.0500	-0.320	5.58	5.63	5.87
Italy		9.000	10/03	103.3440	+0.144	8.49†	8.41	9.45
Japan	No 119	4.800	06/99	111.7480	-0.010	2.37	2.43	2.57
	No 157	4.500	06/03	110.4340	-0.290	3.08	3.05	3.31
Netherlands		6.500	04/03	108.4400	-0.630	5.59	5.61	5.84
Spain		10.500	10/03	115.3500	-0.780	8.16	8.07	8.55
UK Gilts		9.750	01/98	114-09	-12/32	5.70	5.64	5.87
		8.000	06/03	112-21	-27/32	6.21	6.18	6.52
		8.000	10/08	123-21	-35/32	8.49	5.94	6.79
US Treasury *		5.750	08/03	99-07	+3/32	5.86	5.71	5.80
		6.250	08/23	98-10	+6/32	6.38	6.23	6.28
ECU (French Govt)		8.000	04/03	114.0000	-0.580	5.96	5.99	6.35

London closing, *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	130.92	130.42	-0.58	130.94	130.36	174,541	133,993
Jun	130.40	129.90	-0.56	130.40	129.92	964	10,170
Sep	129.52	129.02	-0.56	129.52	129.52	2	2

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Jun
127	-	-	-	-	0.11	0.47
128	-	-	-	-	0.20	0.69
129	-	1.79	-	0.16	0.35	1.01
130	-	1.09	-	0.37	0.65	-
131	0.28	0.55	0.94	0.90	1.12	-
132	0.08	0.24	-	-	-	-

Est. vol. total, Calls 13,351 Puts 32,138. Previous day's open int., Calls 207,734 Puts 217,168.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	101.39	100.96	-0.39	101.48	100.91	107638	130996
Jun	101.33	100.91	-0.37	101.33	100.89	145	1178

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
10050	0.88	1.26	0.42	0.85
10100	0.61	1.00	0.65	1.09
10150	0.40	0.78	0.94	1.37

Est. vol. total, Calls 13701 Puts 12209. Previous day's open int., Calls 172073 Puts 100658

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	103.63	103.41	-0.17	103.63	103.39	892	12014

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	118.70	117.99	-0.50	118.80	117.85	35890	79002
Jun	118.70	118.04	-0.33	118.76	118.00	32	165

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
11750	1.89	3.09	1.40	2.55
11800	1.62	2.84	1.63	2.50
11850	1.36	2.60	1.87	3.06

Est. vol. total, Calls 996 Puts 1017. Previous day's open int., Calls 36879 Puts 37509

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	105.65	104.89	-0.68	105.66	105.85	23,271	80,017
Jun	105.25	104.92	-0.44	105.40	105.00	249	7,976

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	120-04	119-12	-0-31	120-04	119-02	63553	101358
Jun	119-00	118-20	-0-31	119-00	119-00	1	79

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
119	1-26	1-55	1-02	2-15
120	0-59	1-27	1-35	2-51
121	0-36	1-04	2-12	3-28

Est. vol. total, Calls 1025 Puts 1923. Previous day's open int., Calls 77003 Puts 39648

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	121.90	121.56	-0.44	121.96	121.54	2,169	12,277
Jun	-	97.10	-0.40	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	113-15	113-25	+0-05	113-28	113-11	60,495	275,872
Jun	112-16	112-22	+0.04	112-24	112-13	1,537	12,371
Sep	111-23	111-23	-	111-23	111-23	1,216	16,104

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	117.06			117.10	116.95	8.6	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue Jan 4	Day's change %	Fri Dec 31	Accrued interest	xd adj. ytd		Low coupon yield Jan 4	Dec 31	Yr. ago	Medium coupon yield Jan 4	Dec 31	Yr. ago	High coupon yield Jan 4	Dec 31	Yr. ago
1 Up to 5 years (25)	129.91	-0.16	130.12	1.95	0.00	5 yrs	5.66	5.57	7.20	5.87	5.78	7.50	5.97	5.86	7.73
2 5-15 years (22)	162.89	-0.84	164.04	2.25	0.10	15 yrs	6.37	6.26	8.26	6.48	6.38	8.66	6.69	6.59	8.92
3 Over 15 years (8)	189.52	-0.91	191.27	2.01	0.00	20 yrs	6.47	6.37	8.50	6.53	6.43	8.85	6.71	6.61	9.00
4 Irredeemables (6)	227.34	-1.08	229.83	1.39	0.00	Irred.†	6.59	6.52	8.85						
5 All stocks (61)	157.45	-0.55	158.37	2.12	0.05										

Index-linked							Inflation 5% Jan 4	Dec 31	Yr. ago	Inflation 10% Jan 4	Dec 31	Yr. ago
6 Up to 5 years (2)	191.41	-0.25	191.89	1.29	0.00	Up to 5 yrs	2.13	2.04	2.59	1.30	1.20	1.79
7 Over 5 years (11)	193.07	-0.56	194.16	0.78	0.00	Over 5 yrs	2.90	2.86	3.83	2.72	2.68	3.64
8 All stocks (13)	191.96	-0.53	192.97	0.83	0.00							

Debentures and Loans						5 year yield Jan 4	Dec 31	Yr. ago	15 year yield Jan 4		Yr. ago	25 year yield Jan 4	Dec 31	Yr. ago
9 Debs & Loans (65)	152.01	-0.66	153.11	2.26	0.11	7.26	7.09	8.88	7.54	7.45	9.85	7.66	7.59	10.05

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Jan 4	Dec 31	Dec 30	Dec 29	Dec 24	Yr ago	High*	Low*
Govt. Secs. (UK)	106.91	107.60	107.58	107.56	107.19	94.05	107.60	93.28
Fixed interest	131.68	132.03	131.71	131.49	131.46	109.51	132.03	108.67

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 132.03 (31/12/93), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Dec 31	Dec 30	Dec 29	Dec 24	Dec 23
Gilt Edged bargains	34.5	61.4	51.1	36.8	78.5
5-day average	52.5	59.6	65.9	76.2	85.8

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on January 4

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	100⅛	100⅜	-½	6.47
Alberta Province 9⅝ 95	600	108¼	108⅝	-⅛	4.51
Austria 8½ 00	400	113½	113¾	-¼	5.79
Bank of Tokyo 8⅝ 96	100	107⅞	108¼	+¼	4.51
[illegible]					
United Kingdom 7¼ 97	5500	106⅞	107		5.09
Volkswagen Intl Fin 7 03	1000	103⅝	103⅞	+¼	6.47
World Bank 0 15	2000	28⅜	28⅝	-⅝	5.90
World Bank 5⅜ 96	300	103¼	103½	+¼	4.16
World Bank 8⅞ 00	1250	117⅝	118		5.37
[illegible]					
Alliance Leics 11¾ 97 £	100	115¾	116¼	-¼	6.01
British Gas 12¾ 95 £	300	108¼	108⅝	+¼	4.89
British Land 12½ 16 £	150	142½	143	-⅞	8.45
EIB 10 97 £	637	112	112⅜	-⅛	5.64
Halifax 10⅜ 97 £	100	112⅜	113⅛	-⅛	5.83
[illegible]					

UK GILTS PRICES

"Shorts" (Lives up to Five Years)

Treas 8½pc 1994	8.48	5.38	100⅝xd			
14½pc 1994‡‡	14.30	5.93	101½			
Exch 13½pc 1994	13.16	5.15	102⅝			
Treas 10pc Ln 1994‡‡	9.79	6.11	102⅛			
Exch 12¼pc 1995	11.95	5.05	104			
Treas 9pc 1994‡‡	8.71	5.03	103⅛			
[illegible]						

Funding 3½pc '99-4	4.10	5.34	85⅛xd			
Conversion 9½pc 2004	7.65	6.36	124⅛			
Treas 6¾pc 2004	6.48	6.21	104⅛			
8½pc 2004 A (£50 Pd)	6.45	6.25				
Conv 9½pc 2005	7.63	6.41	124½			
[illegible]						

Index-Linked

Other Fixed Interest

[illegible]

Banks approve Eurotunnel funding plan

By Charles Batchelor, Transport Correspondent

Shares in Eurotunnel, the company which will operate the Channel tunnel, rose 20p to 630p yesterday on news that it had obtained approval from its banks to raise an extra £1bn in funding.

The agreement reached with the company's 23 main banks clears the way for it to go ahead with detailed negotiations on a further £500m of bank loans and for a planned £500m rights issue.

However, it does not automatically signify that the banking consortium will provide the loans.

Details of which banks will provide the additional loans and the exact form the new lending will take have still to be negotiated though Eurotunnel said it already had a good idea where most of the money would come from.

Under the agreement with the banking syndicate Eurotunnel will provide fresh security over revenues from its operating concession, recently extended from 55 to 65 years.

Mr John Noulton, administration director, said: "This represents a dilution of the banks' present security. It shows they are taking a judgment that the likely revenues are robust enough to provide sufficient security."

Approval for the increase in Eurotunnel's funding requirement from £9bn to £10bn will also lead to modifications in the credit agreement, including changes to the financial ratios which the company will have to meet.

It described these as technical changes but said they would probably take until the end of February to sort out.

The rights issue, which was given shareholder approval at the end of last month, is expected to take place between March and the official opening of the tunnel in May.

See Lex

EFM to establish new US venture

By Norma Cohen, Investments Correspondent

Edinburgh Fund Managers, the fund management company, is establishing a new venture based in Atlanta, Georgia, to market its investment services to the North American market.

EFM is one of a number of UK fund management companies which have achieved success in attracting international fund management mandates from US pension funds seeking to diversify investment outside the US. According to InterSec Research Corporation, which specialises in pension fund research, the value of US pension assets invested overseas rose by nearly $50bn (£34bn) in the first six months of 1993.

A recent survey from the Institutional Fund Managers Association, a UK-based trade group, found that overseas assets managed by its members increased by 41.9 per cent in 1992 while the value of UK client assets rose by a more modest 17.7 per cent. The survey found that North America and east Asia were by far a larger market for non-UK business than Europe.

EFM said it was already managing more than $200m for US clients and now "feels it has the necessary critical mass to merit a greater presence." EFM had an American partnership, dissolved last month, with Wilmington Trust Company. EFM will continue to manage the partnership funds under management and will also be responsible for the client service support. Actual fund management activities will continue to be based in Edinburgh.

Pentland pays £20m for Italian sports company

By David Blackwell

Pentland Group, the cash-rich consumer brands company, yesterday paid L50.6bn (£19.7m) for 90 per cent of Ellesse, the Italian sports goods company.

Ellesse makes sportswear, concentrating on skiing and tennis.

Pentland has distributed Ellesse clothing in the UK for 12 years, and has acted as UK licensee for its footwear for the past five years.

Mr Richard Stevens, company secretary, said yesterday that Pentland felt the Ellesse brand might have "lost focus a little in the last few years", but it had a first class pedigree.

"We think it will prove to be a good investment at this price."

Pentland would sharpen up its image and improve worldwide distribution, he said.

Ellesse products would complement rather than compete with Pentland's existing brands.

For example, Ellesse swimwear was more style oriented than Pentland's Speedo, which was aimed at competitive swimmers.

Mr Leonardo Servadio, founder of Ellesse, will retain the remaining 10 per cent of the company.

He has the right to require Pentland to buy his stake in certain circumstances, and Pentland has a similar right to acquire his stake. Maximum consideration would be L12.5bn.

Pentland will pay a deferred consideration of 10 per cent of profits before interest and tax if they total more than L48bn for the five years to 1998. Maximum payment would be L7.2bn.

In the year to end-December 1992, Ellesse announced profits of L4.1bn.

Mr Stevens said Pentland would continue to look for larger acquisitions in the branded consumer durables sector.

At the end of the six months to June 30 last year Pentland had cash of £252.9m. Pre-tax profits were £6.7m on turnover of £198.4m after losses and closure costs at its US trade finance business.

Last April it paid a 12p special dividend from the profit on the sale of its 20 per cent stake in Adidas, the sports goods company.

Ashley Ashwood

Richard Stevens (left), and David Bernstein, joint managing director, getting into the swing of the game with model Charlie

Churchill receives further £5m cash injection

By Richard Lapper

Churchill Insurance yesterday announced that its parent company, Winterthur of Switzerland, had injected £5m in additional capital, paving the way for a further expansion this year in telephone sales of motor insurance.

The new capital injection follows one of £6m last October and brings the company's total paid-up capital to £60m.

The group insures about 500,000 motorists and began marketing home insurance policies last year. It currently insures about 35,000 householders and next month expects to announce pre-tax profits of £4.5m for 1993.

In a separate development, Churchill this week assumed management control of Winterthur Tell, a new Winterthur subsidiary in Denmark. Like Churchill, Winterthur Tell will sell motor insurance by telephone directly to the public.

Torex Hire moves back into black

Improved trading conditions in the second half enabled Torex Hire to return to the black with a pre-tax profit of £97,000 for the year ended October 31, against a £335,000 loss last time.

At halfway, losses had been cut from £290,000 to £139,000.

Turnover of the tool, plant and catering equipment hirer rose from £4.21m to £4.49m over the year.

Tool hire accounted for 69 per cent (71 per cent) of revenue. The company said diversification into other activities was proving successful and it was looking ahead to future expansion.

Earnings per share were 0.67p (2.09p losses) while the dividend is stepped up 50 per cent to 0.6p (0.4p).

$28.9m management buy-out at APV arm

By Paul Taylor

APV, which supplies processing equipment to the food and drink industries, has sold Douglas Machine Corporation to its management for $28.9m (£19.4m) cash.

The disposal is the latest undertaken by Mr Clive Strowger. He was appointed chief executive 18 months ago and has launched an extensive restructuring programme to re-focus APV, which expanded rapidly through acquisition in the 1980s.

The sale of Minnesota-based Douglas, which manufactures case packing machines and other packaging equipment, follows the divestment of the other packaging businesses, Rose Forgrove in January last year and Ortmann & Herbst in November.

Yesterday Mr Strowger said: "We are concentrating our skills in application and process engineering, automation and project management while manufacturing key components, such as pumps, valves, heat exchangers and homogenisers."

Douglas reported pre-tax profits of $4m for 1992 and had net assets of $13.9m at the end of the year. It is being acquired by a newly formed company controlled by Norwest Venture Capital Management together with members of Douglas' senior management who have a minority equity interest. As part of the deal net cash of $6.9m has been retained by Douglas.

APV expects to report a profit on the disposal of about £9.5m after transaction costs and writing back goodwill of £1.6m previously written off against reserves. The proceeds will be used to reduce debt.

Lloyd Thompson moves into P&I business

By Richard Lapper

Lloyd Thompson, the insurance broker, yesterday announced a deal which will take it into marine liability insurance business.

The group, which specialises in offshore energy, marine and reinsurance business, has reached agreement with Traveltest, a new company lead by Mr Mike Amiss.

Traveltest will introduce protection and indemnity business to LT in return for a share of the brokerage commission. Mr Amiss, Traveltest's principal shareholder, was previously with Godfrey Merritt Amiss.

LT has taken a majority interest in the new company's voting shares, giving it management control over the new entity.

In addition it has a 15 per cent interest in non-voting capital with options over the remaining 85 per cent. Existing holders have an option to sell to LT for shares or cash, while LT has an option to purchase for cash the remaining 85 per cent of the non-voting shares.

Bonuses static at GA and Friends Provident

By Bethan Hutton

General Accident and Friends Provident began the 1994 round of with-profits endowment bonus announcements with maturity values for 25-year policies only marginally changed.

The value of a 25-year GA endowment maturing on January 1 this year is £65,604, an increase of 0.2 per cent on last year. The figure uses the standard industry assumptions of a policy started by a man aged 29 paying £30 monthly premiums.

General Accident's pay-out on a 10-year endowment, based on the same assumptions, slipped 0.4 per cent to £6,567, after a drop of 6.2 per cent last year.

Many insurers have cut bonuses in recent years to compensate for over-generosity in the past. However, Mr David Heslop, marketing actuary for GA Life, said the company's pay-outs on endowment policies were now at a sustainable level, roughly in line with their asset share.

Friends Provident's 25-year pay-out is up 0.2 per cent at £61,636, while its 10-year payout is down 2.5 per cent at £6,709.

Friends Provident said it expected lower investment returns in the future would reduce bonus rates, but this year's excellent investment returns allowed bonus rates to be maintained.

Glaxo acts over patent

By Daniel Green

Glaxo has begun further patent infringement action against Genpharm, a Canadian drug manufacturer which wants to make a generic version of Glaxo's Zantac, the world's best selling drug. At stake is a slice of a market that is worth $1.9bn (£1.3bn) a year to Glaxo in the US alone.

Glaxo's move is a response to a new challenge to Zantac's patents by Genpharm in the wake of a court ruling in favour of Glaxo in September 1993. Genpharm is now challenging two of Glaxo's US patents on the drug.

DIVIDEND ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Torex Hire § ....fin	0.6	April 8	0.4	0.6	0.4

Dividend shown pence per share net. §USM stock.

New structure and sectors of the All-Share Index

The UK stock market tables published in today's FT are the first to use the revised FT-SE Actuaries classification, writes Peter Martin.

The traditional All-Share categories have been given their first thorough overhaul in two decades, to yield sectors that more accurately reflect the shape of today's market. Sectors have been merged or subdivided as their relative importance has changed.

The new classification system is of special interest to FT readers because it shapes the layout of the paper's share price listings, the London Share Service. As a result of the changes, several hundred of the 3,000 or so securities quoted on the pages change sectors.

To ease the transition, yesterday's FT provided a full alphabetical list of shares carried in the London Share Service. Readers may wish to use it for reference so as to find their way easily around the pages.

There is one particular change worth noting. Foreign stocks which are not part of the main classification – those categorised as Americans, Canadians, etc – move from the beginning of the classification scheme to the end.

We regret any inconvenience caused to readers by the change of sectors, and hope that it will be short-lived as the new structure becomes familiar. Though we believe that the service is improved, we are conscious that disruption to long-established habits brings its own costs. After this burst of activity, we are hoping for a period of greater stability.

The structure of the FT-SE Actuaries All-Share Index (formerly the FT-Actuaries All-Share) is shown below. It contains three tiers: Economic groups, Industry sectors and Sub-sectors. Each company has been allocated to the industry sub-sector whose definition most closely describes the nature of its business.

● *More detailed information on the new FT-SE Actuaries Industry Classification System, including a set of the Classification Ground Rules, can be obtained by writing to: The Secretary, FT-SE Actuaries Industry Classification Committee, Financial Times, One Southwark Bridge, London SE1 9HL.*

For further information on the FT-SE Actuaries Share Indices electronic data feeds, please contact the Finstat Help Desk on 071-873-4613. For further information on the FT-SE Actuaries Share Indices and Index Data Services please contact the Indices Unit at the London Stock Exchange on 071-797-4400.

THE NEW FT-SE ACTUARIES INDICES CLASSIFICATIONS

10 MINERAL EXTRACTION

■ SECTOR 12 Extractive Industries
123 Gold Mining
Prospectors for, extractors and refiners of gold bearing ores
125 Other Mineral Extractors & Mines
Companies engaged in the extraction of minerals other than gold
129 Mining Finance
Finance houses engaged in financing and developing mining interests or deriving an income from mining interests

■ SECTOR 15 Oil, Integrated
150 Oil, Integrated
Companies engaged in the exploration for, production, refining, distribution and supply of mineral oil and gas products

■ SECTOR 16 Oil Exploration & Production
162 Oil Exploration & Production
Companies engaged in the exploration for and production of, mineral oil and gas
165 Oil Services
Providers of services for oil exploration and production

20 GENERAL MANUFACTURERS

■ SECTOR 21 Building & Construction
210 Building & Construction
Builders, house builders, civil engineers, manufacturers of prefabricated buildings and structures, plant hire contractors

■ SECTOR 22 Building Materials & Merchants
222 Building Materials
Producers of materials used in the construction and refurbishment of buildings and structures; including refractory materials
225 Builders Merchants
Wholesalers and retailers of building materials; timber importers and sawmills

■ SECTOR 23 Chemicals
232 Chemicals, Commodity
Producers of commodity and industrial chemicals, industrial gases, coatings and paints, fibres and films
234 Chemicals, Specialty
Producers of fine chemicals, biocides, dyestuffs and chemicals for specialised applications
236 Chemicals, Materials Technology
Producers of cellular polymers, natural and synthetic rubber lattices and specialist plastic sheeting

■ SECTOR 24 Diversified Industrials
240 Diversified Industrials
Companies engaged in three, or more, classes of business that differ substantially from each other, no one of which contributes 50%, or more, of pre-tax profit, nor less than 10%

■ SECTOR 25 Electronic and Electrical Equipment
252 Electrical Equipment
Producers of electrical components and equipment
253 Electronic Equipment
Producers of electronic components and equipment
255 Office Machinery
Manufacturers, suppliers and service providers of office copiers and related equipment

■ SECTOR 26 Engineering
261 Engineering, Metallurgy
Producers of metals, stockholders thereof and processors of such materials into forms for manufacturers' use
262 Engineering Fabricators
Producers of castings, pressings, welded shapes; fabricators and erectors of structural steelwork
263 Engineering, Specialities
Metal finishers, shipbuilders and repairers (excluding defence), and manufacturers of specialist items
264 Engineering, Contractors
Designers, manufacturers and installers of industrial plant and pollution control equipment
265 Engineering, Diversified
Diversified engineering companies not classified elsewhere
268 Engineering, Aerospace & Defence
Producers of components and equipment for the aircraft and defence industries. Assemblers of aircraft and defence ships
269 Instruments, Tools & Mechanical Handling Equipment
Scientific instruments makers, producers of machine tools, trade tools, bearings, material handling equipment and packaging machinery

■ SECTOR 27 Engineering, Vehicles
270 Vehicle Components & Assemblers
Manufacturers of vehicle components and the assembly thereof

■ SECTOR 28 Printing, Paper & Packaging
282 Paper & Packaging
Producers, converters and merchants of all grades of paper. Manufacturers of containers from paper, board, plastic, film, glass and metal
284 Printing
Printing

■ SECTOR 29 Textiles & Apparel
291 Clothing Manufacturers
Manufacturers of all types of clothing
293 Wool
Processors of wool and wool cloth manufacturers
295 Textiles, Diversified
Manufacturers of cotton and synthetic fibre materials and goods other than clothing
297 Footwear & Leather
Processors of hides and skins. Manufacturers of footwear and leather goods
299 Giftware & Costume Jewellery
Manufacturers and importers of costume jewellery and giftware

30 CONSUMER GOODS

■ SECTOR 31 Breweries
310 Breweries
Brewers and operators of public houses

■ SECTOR 32 Spirits, Wines & Ciders
320 Spirits, Wines & Ciders
Distillers of spirits, importers of wines, vintners and cider makers

■ SECTOR 33 Food Manufacturers
330 Food Manufacturers
Producers and processors of food

■ SECTOR 34 Household Goods
342 Furniture & Furnishings
Manufacturers of furniture and furnishings, kitchenware, domestic hardware, cutlery and ceramic tableware
344 Floor Covering
Manufacturers of carpets and other materials for covering floors
346 Household Requisites
Producers of detergents, soaps, toiletries, cosmetics, hygiene products and polishes

■ SECTOR 36 Health Care
360 Health Care
Private hospitals, nursing homes and residential homes, agencies for doctors and nurses, medical research laboratories, manufacturers of diagnostic materials, artificial limbs, and medical requisites, wholesalers and designated distributors of pharmaceutical products, manufacturers of opticians' supplies

■ SECTOR 37 Pharmaceuticals
370 Pharmaceuticals
Developers and manufacturers of ethical drugs

■ SECTOR 38 Tobacco
380 Tobacco
Cigarette and tobacco manufacturers

40 SERVICES

■ SECTOR 41 Distributors
412 Distributors of Industrial Components & Equipment
Distributors, wholesalers and/or stockists of electrical, electronic, engineering and vehicle components equipment and supplies
413 Vehicle Distributors
Distributors, sales and servicing of vehicles
414 Distributors, Others
Distributors, wholesalers and/or stockists of products other than those classified elsewhere

■ SECTOR 42 Leisure & Hotels
422 Leisure
Companies engaged in the entertainment and travel industry, personal hobbies, games and toys
424 Hotels & Caterers
Hoteliers, restaurateurs, caterers and holiday camp companies

■ SECTOR 43 Media
432 Media Agencies
Advertising, marketing and public relations agencies and consultants
434 Broadcasting Contractors
Independent radio and television contractors. Companies providing facilities and/or programmes for contractors
436 Publishing
Newspaper, periodical, book and electronic data publishers

■ SECTOR 44 Retailers, Food
440 Retailers and Wholesalers, Food
Retailers and wholesalers of food products

■ SECTOR 45 Retailers, General
452 Retailers, Multi Department
Retail outlets with more than one department, selling a varied range of goods
454 Retailers, Chain Stores
Shops concentrating on the sale of a single class of goods, other than food or vehicles

■ SECTOR 48 Support Services
481 Business Support Services
Providers of non-financial services to organisations which could have been provided "in-house"
482 Education, Business Training & Employment Agencies
Providers of education, business and management training courses and employment services
484 Security & Alarm Services
Companies installing, servicing and monitoring alarm systems and those providing security services
486 Laundries & Cleaners
Launderers and dry cleaners
487 Computer Services
Consultants for information Technology, producers of software and computer maintenance services

■ SECTOR 49 Transport
490 Transport
Shippers, docks, road hauliers, railway operators, airlines, airports and other services to transport

■ SECTOR 51 Other Service & Businesses
512 Pollution Control
Providers of solid and hazardous waste management services
514 Plantations
Owners of plantations
516 Other Businesses
Other businesses not specified elsewhere

60 UTILITIES

■ SECTOR 62 Electricity
620 Electricity
Generators and distributors of electricity

■ SECTOR 64 Gas Distribution
640 Gas Distribution
Distributors of natural and manufactured gas

■ SECTOR 66 Telecommunications
660 Telecommunications
Operators of telephone networks

■ SECTOR 68 Water
680 Water
Companies and Authorities responsible for the provision of water and the removal of sewage

70 FINANCIALS

■ SECTOR 71 Banks
710 Banks
Banks authorised under the Banking Act

■ SECTOR 73 Insurance
732 Insurance Brokers
Insurance and life assurance agencies
734 Insurance, Composite
Companies engaging in accident, fire, marine and other classes of insurance business
736 Insurance, Lloyd's Funds
Investment companies and trusts involved in insurance underwriting

■ SECTOR 74 Life Assurance
740 Life Assurance
Companies engaging principally in life assurance business

■ SECTOR 75 Merchant Banks
750 Merchant Banks
Members of the British Merchant Banks and Securities Houses Association

■ SECTOR 77 Other Financial
772 Financial, Other
Financial holding companies and companies engaged in financial activities not specified elsewhere
774 Discount Houses
Members of the London Discount Houses Association
776 Insurance Brokers
Insurance and life assurance agencies
778 Investment Companies
Investment companies registered in the UK, denominated in sterling, but not approved under S.842 of the Income and Corporation Taxes Act 1988

■ SECTOR 79 Property
792 Property
Companies specialising in the ownership and/or development of property assets
794 Property Agencies
Estate agents, surveyors, architects and space planners

80 INVESTMENT TRUSTS

■ SECTOR 80 Investment Trusts
800 Investment Trusts
Trusts registered in the UK whose accounts and denominated in sterling and approved under S.842 of the Income and Corporation Taxes Act 1988 and authorised unit trusts as defined under S.468(b) of the Act excluding Lloyd's insurance funds

(90) Industry sectors not eligible for inclusion in the FT-SE Actuaries Share Indices are:
905 Off-Shore Investment Companies & Funds
Investment Companies & Funds not approved under S.842 of the Income Investment Companies & Taxes Act 1988, and either registered outside the United Kingdom or denominated, accounting or quoted in a foreign currency.
906 Other S.842 Investment Trusts
Investment Trusts, approved under S.842 of the Income and Corporation Taxes Act of 1988 or stating the intention to seek approval in a prospectus or other document issued by the board of directors, but either registered outside the United Kingdom or denominated, accounting or quoted in a foreign currency
907 Currency Funds
Currency Funds

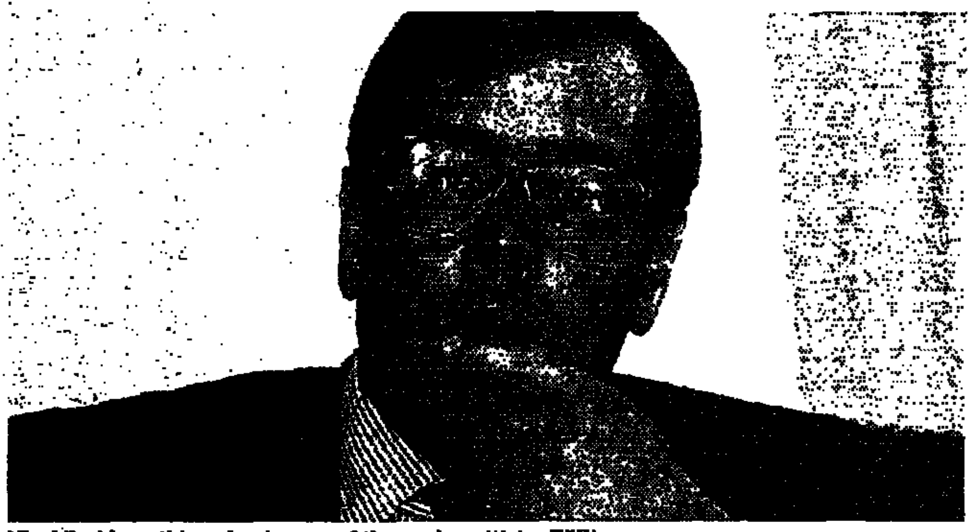
Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.25	18.20	18.20
0100	30.36	23.71	25.99
0130	30.36	23.71	25.99
0200	30.36	23.71	25.99
0230	25.71	23.71	25.99
0300	26.71	23.71	25.99
0330	25.71	23.56	25.66
0400	24.12	18.17	18.17
0430	18.13	18.04	18.04
0500	18.04	18.03	18.03
0530	18.04	20.71	22.99
0600	18.04	20.71	22.99
0630	18.17	20.71	22.99
0700	23.27	23.10	25.38
0730	23.23	23.45	25.73
0800	23.27	23.45	25.73
0830	23.40	24.92	27.20
0900	24.65	24.92	27.20
0930	25.01	35.26	37.53
1000	25.01	35.26	37.53
1030	25.01	35.26	37.53
1100	27.78	24.92	27.20
1130	27.80	24.92	27.20
1200	32.01	24.92	27.20
1230	32.01	24.92	27.20
1300	24.95	23.45	25.73
1330	24.95	23.45	25.73
1400	24.95	23.45	25.73
1430	27.84	23.45	25.73
1500	27.84	23.45	25.73
1530	27.84	23.45	25.73
1600	24.57	26.88	29.26
1630	34.99	40.19	43.56
1700	54.13	46.65	50.75
1730	54.32	47.12	51.14
1800	53.28	43.83	47.31
1830	34.16	29.45	31.88
1900	26.75	26.83	29.17
1930	25.29	25.73	28.02
2000	25.29	27.27	29.55
2030	24.53	27.27	29.56
2100	24.53	24.38	26.66
2130	24.53	24.38	26.66
2200	24.53	24.38	26.66
2230	24.53	24.38	26.66
2300	18.20	24.38	26.66
2330	18.11	18.11	18.11
2400	18.04	18.07	18.07

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal [illegible]

Williams maps out route for progress

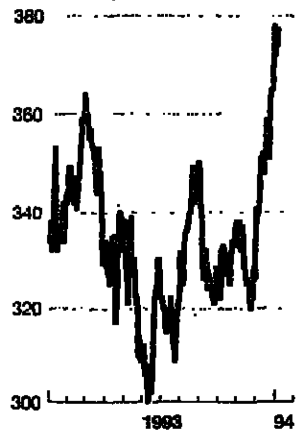
By Peggy Hollinger



Nigel Rudd: scathing about many of those who criticise Williams

Williams Holdings

Share price (pence)



Source: FT Graphite

Nigel Rudd is not a man to suffer an identity crisis. As chief executive of Williams Holdings, the 1980s-born conglomerate, he is crystal clear about the route his company intends to take in the 1990s in spite of the apparently waning popularity of the sector.

"We are not a conglomerate in the sense that people see a group of sprawling industrial businesses," he says. "We are no more diversified than ICI."

The acquisition announced yesterday of Corbin & Russwin, the US locks business, reinforces Mr Rudd's picture of a company focused on businesses in three areas: building products, security, and fire and safety.

Security, more than any of Williams Holdings' other core divisions, needed a boost to give it critical mass, particularly in the US. Little had been added since the purchase of Yale and Valor in 1991.

"Yale is a worldwide brand name, but the business is smaller than anyone thinks," Mr Rudd says. Corbin & Russwin will bring the division's sales to more than $300m (£203m) worldwide and almost double the group's presence in the US market.

Mr Rudd says the group will squeeze a significant amount of improvements out of the business through synergies in distribution networks and product integration. He says there is scope to double the recently-restructured Corbin's underlying 7-8 per cent margins, even without raising prices, in two years.

The City is inclined to agree with Mr Rudd's perception of the deal. "It certainly makes a great deal of strategic sense," said one conglomerates analyst. However, the purchase is widely seen as little more than a reassuring step in the right direction.

Williams still faces phantoms which must be laid to rest before the City rushes in. The most oft-quoted criticism is the company's failure to generate cash and the state of its balance sheet.

The deal announced yesterday will push year-end gearing to about 60 per cent, against expectations of less than 40 per cent. Now, many are expecting that any further deals will have to be done through share issues.

Mr Rudd is scathing about many of those who criticise Williams, but reserves his strongest attacks for those who condemn the group's use of long-term leverage. "The last thing we want to do is pay the debt down. We want to use it to have assets that are earning," he says.

Mr Rudd quotes the group's $370m in long term debt – with covenants attached to the US businesses leaving the parent free to "do what we like" – as one of Williams's strengths, in spite of the higher interest rates. "I would rather pay another 1 per cent on interest rates so no horrible banker can come and poke me in the eye," Mr Rudd says.

He also denies charges of failure to generate cash. "In the last three to four years we have spent a lot of money improving the business." Mr Rudd roughly calculates that Williams has invested £150m since 1990. "This year, and next, that will come through in a big way."

The City is still uncertain, however. Although agreeing that cash flow will certainly improve this year, "it wont be enough to fund the bolt on acquisitions strategy if it is maintained at the same pace [of £100m a year]," says one analyst. There will have to be further disposals, but these are at least one to two years away.

The final consensus appears to be that Williams has much left to prove before it convinces sceptics of its ability to perform in the post-conglomerate age.

The recent strategy, says one industry observer, "is probably better than what has been employed in the past, and for that reason they deserve to be looked at, but there is nothing . . . that will produce strong outperformance."

Kleinwort Benson to receive £17.6m for bullion business

By Kenneth Gooding

Kleinwort Benson, the merchant banking group, yesterday said it would collect £17.6m cash for Sharps Pixley, the bullion and metals business being bought by Deutsche Bank.

The latest financial information suggests that the value of the net assets being sold is £7.07m.

Kleinwort announced in September that the sale was being negotiated.

Sharps Pixley is one of the five members of the London Gold Fixing which meets to fix the gold price twice each working day.

The acquisition gives Deutsche Bank marketmaking capability in London, where it previously had only precious metals trading activities, plus a ring-dealing membership of the LME, where base metals prices are established, and membership of the New York Commodity Exchange.

Woodcote acquisition

Woodcote Industries, the privately-owned West Midlands forging company, is buying Burton's Scaffolding (International) from Burton Delingpole Holdings.

The merger of Burton's with Woodcote's Edge Scaffolding subsidiary will create the biggest manufacturer of scaffolding fittings in Europe.

The two units have a combined turnover of £3.5m, down from £12m in 1990. Woodcote would not disclose its buying price.

Fenner sells SA offshoot

In line with its policy of disposing of non-core activities, Fenner, the industrial products group, has sold Control Specialists, its Johannesburg-based offshoot, to LTA for R10.5m (£2.1m).

Fenner will retain Control Specialists' cash assets which amount to R2.9m. For the year ended August 31 1993 the company, a manufacturer of control systems under licence from Fisher Controls International, returned pre-tax profits of R3.9m.

COMMODITIES AND AGRICULTURE

Mexican rising lifts silver

By Kenneth Gooding, Mining Correspondent

Armed conflict in Mexico, the world's biggest producer of newly-mined silver, helped precious metals start the new year with a price surge, traders said yesterday. Mexico produces about 19 per cent of the world's primary silver.

Price rises, which started in New York on Monday with silver leading the way, spilled over to trading in the Far East and London yesterday. The first "fix" on the first trading day of the new year in London resulted in gold going to $395 a troy ounce, its highest level for five months.

After some profit-taking, gold closed in London up $3.50 at $394.25 an ounce, silver was 12 cents an ounce ahead at $5.235 and platinum ended the day at $398 an ounce, up $4.50.

Reuter reported from Germany that Commerzbank had suggested gold's price, driven by technical factors, would be volatile this year, but would range between $360 and $380. Any higher price would spark bullion sales. However, DG Bank predicted short-term rises up to $420, which could bring in more buyers and take gold up to $500.

FT broadens gold mine index

The Financial Times is replacing the gold mines index, which is based on the performance of South African companies only, with one enlarged to include gold producers from other parts of the world.

Regional indices covering three geographic areas will be published at the same time.

The accompanying chart shows the new indices' values and illustrates their high leverage to the price of the precious metal. It also highlights differences in the performances of the regional indices. The 1993 year-end gold price of $391 a troy ounce (up by 17 per cent compared with 31 December 1992) translated into a jump of more than 100 per cent for the new gold mines index over the same 12 months.

Gold mining companies are included in the index if they:

- Have sustainable, attributable gold production of at least 300,000 ounces a year;
- Draw at least 75 per cent of revenue from mined gold sales;
- Have at least 10 per cent of their issued capital available to the investing public.

These conditions mean that there will be no set number of constituents and the eligibility of each company will be reviewed four times a year.

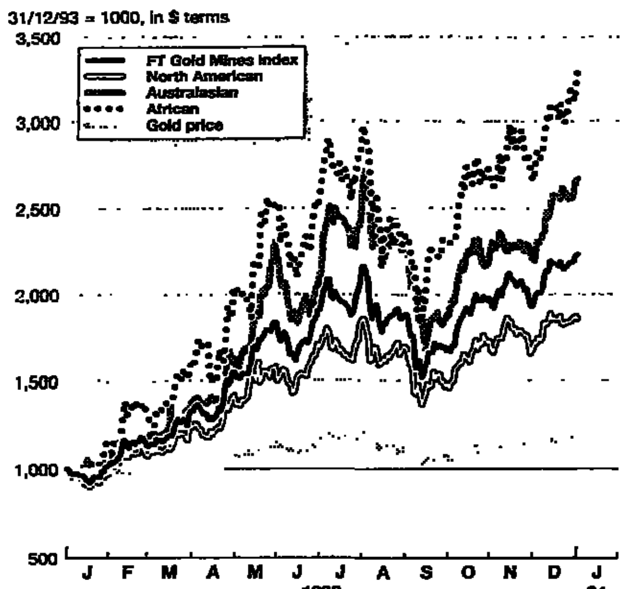
The present 34 constituents account for about 53 per cent of western world output, or about 31m ounces. Australasia is represented by Dominion Mining; Gold Mines of Kalgoorlie; Highlands Gold; Homestake Gold Australia; Newcrest; Placer Pacific; Plutonic Resources and Poseidon Gold. Canadian constituents include American Barrick Resources; Cambior; Echo Bay Mines; Hemlo Gold Mines; Lac Minerals; Pegasus Gold; Placer Dome and TVX Gold.

From South Africa there is Beatrix; Buffelsfontein; Driefontein; Elandsrand; Freegold; Harmony; Hartebeestfontein; Kinross; Kloof; Randfontein; Southvaal; Vaal Reefs; Western Areas; Western Deep Levels; and Winkelhaak. US mines in the new index include Battle Mountain Gold; Homestake Mining; and Newmont Gold.

The index reflects the a sum of the market capitalisations of the component companies, denominated in US dollars and based at 1,000 on December 31, 1992, when the gold price was $333 an ounce. On December 31 last year the gold price was $390.75 and the index was 2,232.1. It has been calculated back to December 1991, so a two-year history is available. Calculations follow the close of business on the New York and Toronto stock exchanges.

Indicative index values will be published weekly until the end of this month and then the FT will publish daily figures, including yield, highs/lows and, on Mondays only, market capitalisations.

FT Gold Mines



Source: Financial Times/Datastream

Gatt deal adds twist to beef hormone plot

Health-based barriers to trade must in future be justified by scientific evidence

FARMER'S VIEWPOINT

By David Richardson

In some farming circles, last month's General Agreement on Tariffs and Trade settlement has been presented as the answer to all the world's food problems. Like ministers of fundamentalist religions, enthusiasts regarded the prospect of accord between Gatt-member nations as a shining star for all to follow. Only reject the sin of subsidies and throw out protectionism, they seemed to say, and everything will come right. The purity of market forces will take over and all will be well.

Cynic that I am, I have never held that simplistic view. For while I accept that a Gatt deal was necessary and that some sectors of industry – perhaps even farming industry – will benefit, others will suffer irreparable damage as relative price stability disappears and is replaced by market volatility.

That situation may even be exacerbated by the fact that Gatt-member governments have not decided to deregulate completely but will still keep their fingers in the regulatory pie – albeit at a much reduced level – even after the six-year transitional period starting in 1995.

The other main reason I am sceptical that the Gatt accord will bring peace and light to all is that trade disputes between nations are not confined to production subsidies and export refunds. They are also concerned with matters that are even more difficult to resolve. When it comes to food, this includes such things as the perceived safety of goods to be traded between one country and another.

Moreover, in the week that the Gatt agreement was signed in Europe, I was visiting farms in the US and immediately came across an example of what may prove to be an insoluble problem.

I was on a specialist beef-finishing farm in Colorado. In common with many such operators in the US, the owner took in calves and fed them in open, uncovered yards until they were ready for slaughter. In order to achieve maximum growth rates and the highest possible proportion of lean meat in the animals' carcasses he, like most American beef farmers, routinely dosed them with synthetic growth hormones.

These come in the form of slow-release pellets, which are inserted beneath the skin of the animal's ear. The reason for this unusual application site is that ears have no meat value and are discarded, thereby eliminating the risk that any hormone not absorbed into the rest of the body of the animal could be consumed by humans in concentrated form. The farmer I visited last month claimed that he rigorously observed food safety regulations and never dosed his cattle with more than two pellets in their lifetime. In California a few months previously, however, I had been told on another beef lot that in order to produce "best meat quality" some animals had up to four hormone pellets during their finishing period.

A few years ago, the same hormones were in common use across the European Union, although normal practice was to inject one pellet per animal in its lifetime, with only the occasional farmer contemplating using two. Then, however, the use of such products was banned amid accusations by consumer groups that they were a health hazard. Sex change symptoms, particularly in Italy, were alleged to have been caused by the improper use of hormones and the European Commission decided to forbid their further use.

The commission took the action without considering evidence from its own scientific committee and there were suggestions at the time that the ban might have had more to do with the growing beef mountain in the European Community, as it was then called, than with the real dangers of using growth-promoting hormones.

Nevertheless, the products remain illegal throughout the EU – as, incidentally, does bovine somatotropin (BST), a similar product which boosts milk yields in dairy cows, the EU ban on which has just been extended for a further year.

In the US, the use of BST on dairy cows has just been authorised and it may soon be as much a part of American cattle production systems as beef hormones.

Now, the Gatt agreement contains a section intended to limit the extent to which human, animal or plant health measures can be used as barriers to trade. Any measures that are invoked must in future comply with scientific principles and be based on recognised international standards.

Colorado beef farmers took no time at all to conclude that this would enable them to export beef to Europe. There was, they claimed, no scientific evidence to justify a ban on the use of hormones, otherwise why did the US allow it, and the EU ban had only been imposed to stop them exporting across the Atlantic. I did not visit any US dairy farmers on this trip but presumably they will have come to similar conclusions about milk and milk products produced with the help of the BST.

A committee on sanitary and phytosanitary measures will be established under the new World Trade Organisation (the successor to Gatt) to adjudicate disputes between member countries. If the attitudes and ambitions of Colorado beef farmers are any guide, that committee will have its work cut out.

Here are just a few of the questions it will need to answer. Is there or is there not scientific evidence against beef growth hormones? If there is, should US farmers be banned from using them? If there is not, should EU farmers again be allowed to use them? And whichever way they decide, how do they persuade at least one significant group of consumers, in the US or the EU, that previous information on the safety of beef was inaccurate?

It would, I think, be naive to assume that the Gatt agreement brings international trade disputes to an end.

Russia faces $1.5bn US grain credits bill in 1994

By Laurie Morse

Russia must keep up to date on payments falling due this year against US-backed grain loans to remain eligible to receive new US farm credits, a senior US official said yesterday.

The payments, against $1.5bn owed to private banks but guaranteed by the US Department of Agriculture's Commodity Credit Corporation, start falling due this week and extend through the year.

Mr Chris Goldthwait, the USDA's general sales manager, said yesterday that so long as Russia remained current on its existing loan repayments it was technically eligible to receive new credits. However, the Russians have appeared to be cautious about increasing their debt for food purchases. "The Russians have not requested further credit guarantees," Mr Goldthwait said. "In recent discussions, they have indicated that they would rather make their purchases with cash."

Russia spent much of 1993 in default on its US grain loans but became current at the end of the year through a series of payments arranged as part of the Paris Club's rescheduling of the country's overall foreign debt. A final $147.4m payment was made to the USDA last week. Russia's total debt to the USDA, including the $1.5bn due in 1994, is about $3.5bn.

Grain traders hopes that President Clinton will offer a combination of farm credits and aid when he meets President Boris Yeltsin later this month are waning.

- Wheat futures for March delivery at the Chicago Board of Trade jumped more than 8 cents a 60lb bushel yesterday on news that China, long absent from the US market, had bid for 1.1m tonnes of US soft red winter wheat under the Export Enhancement Programme. The wheat would be delivered to China during January and February.

Traders said that China's bid – $88.50 a tonne – would require a subsidy of as much as $60 a tonne at current prices. The results of the USDA tender are expected today.

Fresh record for Chicago exchange

Contracts traded on the Chicago Mercantile Exchange in December totalled a record 11,351,773 lots, the exchange said, reports Reuter from Chicago. That was up 13.3 per cent from December 1992.

Volume for 1993 as a whole reached 146,746,990 lots up 9.3 per cent from 1992.

- The New York Mercantile Exchange, helped by its new overnight trading system Access, hit an annual volume record in 1993 for 13th time in the past 14 years.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1116-17	1135-35.5
Previous	1107.5-8.5	1125-6.5
High/low	1110	1136/1121
AM Official	1110-11	1128-29
Kerb close		1132.5-33
Open int.	287,535	
Total daily turnover	55,578	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	965-70	991-95
Previous	961-2	985-90
High/low		992
AM Official	965-66	990-95
Kerb close		991-95
Open int.	2,695	
Total daily turnover	840	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	468.5-9.5	482-83
Previous	473-4	486-7
High/low		487/475
AM Official	467-68	481.5-82
Kerb close		476-77
Open int.	32,597	
Total daily turnover	6,097	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5235-40	5295-300
Previous	5290-5	5350-1
High/low	5195	5300/5240
AM Official	5190-95	5250-52
Kerb close		5250-55
Open int.	49,363	
Total daily turnover	14,667	

■ TIN ($ per tonne)

	Cash	3 mths
Close	4803-8	4855-60
Previous	4745-55	4795-800
High/low		4890/4810
AM Official	4783-88	4835-40
Kerb close		4800-10
Open int.	16,074	
Total daily turnover	3,228	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	996-97	1015-6
Previous	1001-1.5	1019-19.5
High/low	993.5/993	1022/1012
AM Official	992.5-93	1012-12.5
Kerb close		1012-13
Open int.	101,068	
Total daily turnover	20,579	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1732-33	1752-2.5
Previous	1767-7.5	1788-8.5
High/low	1719.5	1768/1726
AM Official	1719.5-20	1740-40.5
Kerb close		1753-54
Open int.	225,224	
Total daily turnover	126,739	

■ LME AM Official £/$ rate: 1.4825
LME Closing £/$ rate 1.4827

Spot:1.4840 3 mths:1.4769 6 mths:1.4729 9 mths:1.4687

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Jan	79.60	-0.30	79.60	78.65	1,527	322
Feb	79.70	-0.30	79.70	79.00	1,214	64
Mar	79.85	-0.40	79.90	78.75	42,994	7,239
Apr	80.05	-0.40	79.85	79.30	721	5
May	80.25	-0.35	80.30	79.25	7,974	699
Jun	80.45	-0.35	79.90	79.90	826	3
Total					68,691	8,702

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	394.00-394.50	
Opening	393.35-393.75	
Morning fix	395.00	266.658
Afternoon fix	394.10	265.684
Day's High	395.40-395.80	
Day's Low	393.40-393.80	
Previous close	390.50-391.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.85	6 months	2.84
2 months	2.81	12 months	2.88
3 months	2.82		

Silver Fix	p/troy oz.	US cts equiv.
Spot	356.25	527.65
3 months	360.55	531.50
6 months	364.85	536.90
1 year	372.79	545.30

Gold Coins	$ price	£ equiv.
Krugerrand	396-399	267-270
Maple Leaf	404.75-407.30	
New Sovereign	92-95	62-65

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Feb	395.1	+0.4	396.8	394.5	96,656	29,642
Mar	396.0	+0.4	396.3	396.3	9	15
Apr	397.1	+0.4	399.0	396.5	14,958	3,209
Jun	399.0	+0.4	401.0	398.5	22,690	731
Aug	401.0	+0.4	401.2	400.7	5,565	225
Oct	403.1	+0.4	-	-	3,757	215
Total					167,728	34,624

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Jan	399.2	+2.4	399.0	397.0	1,134	1,059
Apr	402.2	+2.2	403.0	400.0	17,909	2,951
Jul	403.5	+2.2	405.0	401.5	2,312	351
Oct	404.8	+2.2	-	-	224	3
Jan	406.2	+2.2	-	-	125	9
Total					21,704	4,373

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Mar	127.80	+2.55	128.00	125.70	3,985	186
Jun	126.95	+2.55	127.50	124.50	724	49
Sep	126.45	+2.55	-	-	53	-
Dec	125.95	+2.55	-	-	60	2
Total					4,822	237

■ SILVER COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Jan	520.0	-2.0	-	-	11	7
Feb	521.5	-2.0	-	-	1	2
Mar	523.0	-2.0	529.0	521.0	75,592	20,213
May	526.3	-2.0	533.0	524.5	10,368	862
Jul	529.7	-2.0	536.0	527.5	10,589	195
Sep	533.2	-2.0	539.0	532.0	5,169	261
Total					119,660	22,803

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	14.49	-0.07	14.56	14.35	96,675	37,383
Mar	14.81	-0.06	14.87	14.67	66,021	16,216
Apr	15.11	-0.05	15.16	14.98	29,595	4,833
May	15.38	-0.05	15.42	15.27	27,042	3,558
Jun	15.65	-0.05	15.70	15.54	38,923	2,685
Jul	15.90	-0.04	15.94	15.79	17,962	2,479
Total					417,264	78,475

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	13.56	+36	13.60	13.42	83,297	19,263
Mar	13.73	+33	13.76	13.61	22,583	8,456
Apr	13.96	+28	13.98	13.84	10,837	1,918
May	14.08	+16	14.19	14.07	7,367	141
Jun	14.39	+26	14.41	14.39	6,161	159
Jul	14.50	+25	14.50	14.50	5,191	1
Total					139,225	30,878

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	45.25	+4	45.45	44.90	2,258	125
Mar	45.20	-	45.30	44.90	55,238	15,822
Apr	44.95	-	45.00	44.65	30,292	6,141
May	44.75	-	44.80	44.55	20,680	2,104
Jun	44.80	+5	44.90	44.65	26,394	1,858
Jul	45.50	+15	45.50	45.20	16,575	1,862
Total					181,174	31,963

■ GAS OIL IPE ($/tonne)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	143.25	+400	143.25	141.00	26,240	9,471
Feb	143.00	+275	143.25	141.75	18,472	5,674
Mar	143.25	+300	143.25	141.75	16,278	2,985
Apr	142.75	+250	143.00	141.75	10,329	568
May	143.75	+225	143.75	142.50	6,638	43
Jun	144.50	+200	144.50	143.75	11,465	421
Total					107,911	19,336

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	1.940	+.011	1.965	1.920	24,959	8,550
Mar	1.895	+.011	1.910	1.880	17,900	3,208
Apr	1.880	+.005	1.895	1.870	14,894	1,120
May	1.890	+.007	1.905	1.880	9,574	626
Jun	1.900	+.010	1.905	1.890	7,285	340
Jul	1.905	+.007	1.910	1.895	7,708	597
Total					128,713	13,434

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	41.10	-6	41.30	40.50	1,529	345
Mar	42.50	-5	42.55	41.95	41,632	10,711
Apr	45.32	-6	45.82	45.40	31,673	2,602
May	46.50	-13	46.50	45.90	21,834	911
Jun	46.90	-42	47.20	46.60	26,840	893
Jul	47.40	-33	47.50	47.40	8,233	535
Total					136,999	15,998

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	98.40	-0.55	98.70	98.50	417	23
Mar	100.15	-0.50	100.20	100.00	2,116	74
May	101.40	-0.45	101.50	101.20	1,594	103
Jun	102.00	-0.50	-	-	137	-
Sep	89.75	-	-	-	85	-
Nov	90.65	-0.10	-	-	473	-
Total					4,919	200

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	380/6	+8/0	383/0	370/0	143,450	48,745
May	360/6	+3/4	365/0	356/0	36,515	5,865
Jul	342/4	-2/4	349/0	342/0	56,570	10,860
Sep	345/2	-1/2	350/4	344/6	6,495	850
Dec	353/4	-1/0	357/4	352/4	7,660	875
Jul	326/0	-1/0	-	-	20	-
Total					250,710	67,195

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	306/2	-0/4	308/4	305/6	755,230	164,515
May	309/6	-0/2	312/0	309/0	381,835	41,705
Jul	309/4	+0/2	311/6	308/4	308,370	38,490
Sep	289/2	-0/2	291/4	289/0	53,210	3,400
Dec	269/4	-0/6	272/0	269/0	174,565	22,020
Mar	275/4	-0/4	277/4	275/2	9,505	535
Total					1,685m	270,905

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	103.25	-	103.25	103.25	168	15
Mar	105.15	-	-	-	702	
May	107.00	-	-	-	203	
Sep	92.65	-	-	-	40	
Nov	94.75	-	-	-	52	
Jan	97.00	-	-	-	-	
Total					1,166	15

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	692/4	-6/2	703/2	692/0	46,675	71,625
Mar	702/0	-7/0	713/0	701/0	413,280	204,095
May	706/0	-7/2	717/0	705/4	166,810	27,970
Jul	707/4	-6/2	717/4	707/0	151,190	27,410
Aug	702/6	-5/0	713/0	701/4	24,450	1,295
Sep	677/0	-0/4	681/4	676/0	14,120	600
Total					878,875	341,590

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	29.24	-0.38	29.73	29.20	7,826	2,495
Mar	29.18	-0.46	29.74	29.13	47,917	11,238
May	28.83	-0.39	29.33	28.80	17,769	2,213
Jul	28.40	-0.29	28.80	28.30	12,388	2,096
Aug	27.78	-0.33	28.25	27.70	4,741	340
Sep	26.95	-0.20	27.40	26.95	3,751	98
Total					100,160	19,087

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	201.2	-1.2	203.5	200.9	8,956	3,615
Mar	201.0	-1.0	203.5	200.6	39,708	8,270
May	201.8	-0.7	203.7	201.5	14,237	1,545
Jul	202.6	-0.8	204.5	202.5	12,657	1,579
Aug	201.8	-0.7	203.1	201.7	5,288	153
Sep	200.2	0	201.3	200.0	2,547	55
Total					87,731	15,487

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	135.0	-5	-	-	31	-
Apr	109.8	+2.9	109.0	106.5	1739	61
May	126.8	+3.9	126.5	123.5	580	63
Jun	130.0	-	-	-	2	-
Nov	85.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Total					2,358	124

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	1225	+2	1220	1220	925	10
Feb	1255	+7	1250	1245	136	7
Mar	1275	-7	-	-	10	-
Apr	1285	-3	1285	1281	779	73
Jul	1163	-3	1155	1155	222	4
Oct	1305	-7	1291	1291	181	40
Total					2,307	134

	Close	Prev
BFI	1215	1215

Minor Metals
European free market, from Metal Bulletin, $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). Antimony: 99.6%, $ per tonne, 1,605-1,655 (same). Bismuth: min. 99.99%, tonne lots 2.30-2.50. Cadmium: min. 99.5%, 0.35-0.40. Cobalt: MB free market, 99.8%, 14.80-15.85 (12.80-14.50); 99.3%, 13.80-14.50 (11.80-13.50). Mercury: min. 99.99%, $ per 76 lb flask, 95-105. Molybdenum: drummed molybdic oxide, 2.70-2.75. Selenium: min 99.5%, 4.25-4.90. Tungsten ore: standard min. 65%, $ per tonne unit (10kg) WO_3, cif, 27-39. Vanadium: min. 98%, cif, 1.35-1.45. Uranium: Nuexco exchange value, 9.90.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	923	+13	925	911	36,809	1,882
May	941	+12	946	932	14,588	1,720
Jul	952	+10	958	945	9,340	187
Sep	965	+11	969	960	10,147	113
Dec	980	+15	983	970	14,047	126
Mar	994	+12	997	982	24,938	229
Total					127,608	4,628

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	1162	-3	1177	1160	34,816	4,808
May	1195	-1	1209	1193	14,122	835
Jul	1224	-5	1238	1222	9,576	378
Sep	1253	+2	1262	1258	6,292	77
Dec	1280	+2	1280	1280	6,408	44
Mar	1292	+2	1300	1300	8,111	1
Total					89,319	6,143

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Jan 3		
Daily	N/A	923.52
Jan 4		
10 day average	N/A	930.77

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	1179	+1	1180	1164	2,225	6135
Mar	1200	+2	1200	1183	15,425	2,064
May	1205	+5	1208	1192	7,567	1,009
Jul	1200	+5	1205	1176	1,244	212
Sep	1200	+3	1203	1196	689	64
Nov	1203	+8	1203	1195	183	47
Total					27,346	4,029

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	71.85	-0.65	72.70	71.30	36,065	5,844
May	73.60	-0.45	74.30	72.90	9,819	1,219
Jul	75.10	-0.50	75.80	74.35	3,352	174
Sep	76.25	-0.60	77.05	76.00	2,132	60
Dec	77.75	-0.70	-	-	1,269	12
Mar	79.50	-1.00	-	-	747	11
Total					53,396	7,320

■ COFFEE (ICO) (US cents/pound)

	Price	Prev. day
Jan 3		
Comp. daily	68.68	Unq.
15 day average	71.60	Unq.

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	10.87	-0.11	11.00	11.00	1,113	15
May	11.16	-0.09	11.15	11.15	677	5
Jul	11.34	-0.12	11.28	11.28	2,914	5
Oct	11.14	-0.12	-	-	45	-
Total					4,749	25

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	285.10	-0.1	286.50	284.00	7,350	743
May	287.30	-	288.20	287.00	1,757	24
Aug	291.40	-0.4	290.40	290.20	1,468	5
Oct	281.30	-0.8	281.30	280.40	1,716	26
Dec	280.10	-1.4	-	-	79	-
Mar	281.10	-2.4	-	-	63	-
Total					12,428	798

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	10.70	-0.12	10.81	10.56	47,515	6,647
May	10.89	-0.12	10.97	10.81	24,167	1,260
Jul	10.80	-0.11	10.87	10.73	15,661	379
Oct	10.76	-0.13	10.87	10.70	13,757	579
Mar	10.74	-0.11	10.84	10.84	2,062	-
May	10.74	-0.11	10.84	10.84	11	-
Total					103,165	8,865

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	66.88	-0.88	67.60	65.90	27,821	3,660
May	67.98	-0.79	68.60	67.17	10,353	725
Jul	68.80	-0.45	69.40	67.60	6,529	524
Oct	66.63	-0.48	67.30	66.38	938	46
Dec	65.77	-0.69	66.25	65.40	5,981	429
Mar	66.75	-0.35	-	-	50	-
Total					51,788	5,384

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	108.85	-3.70	112.65	108.25	1,206	771
Mar	112.10	-3.65	115.95	110.90	12,338	3,870
May	114.85	-0.55	118.75	114.10	2,845	319
Jul	117.45	-0.45	121.30	117.00	1,080	13
Sep	119.45	-0.45	-	-	852	-
Nov	121.45	-0.45	123.00	123.00	160	-
Total					18,811	4,974

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jan 4	Dec 31	month ago	year ago
1679.1	1684.5	1640.9	1710.0

■ CRB (Base: 4/9/56=100)

Jan 3	Dec 31	month ago	year ago
227.38	226.31	-	201.26

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	72.575	-	72.875	72.300	32,912	7,394
Apr	75.225	-	75.400	74.925	18,367	1,826
Jun	73.625	+.050	73.675	73.475	15,241	1,404
Aug	72.525	+.025	72.650	72.450	7,509	525
Oct	72.575	-	72.700	72.500	3,798	217
Dec	73.350	-	73.350	73.300	719	11
Total					78,572	11,389

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	45.675	+.450	45.950	45.250	11,639	1,827
Apr	47.475	+.450	47.700	46.850	6,021	1,347
Jun	52.975	+.550	53.000	52.425	5,437	1,243
Jul	53.000	+.450	53.150	52.500	2,285	483
Aug	51.400	+.425	51.400	50.950	1,555	221
Oct	48.300	+.400	48.350	48.000	745	74
Total					28,365	5,250

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	56.050	0.725	56.950	55.550	5,069	1,455
Mar	56.600	0.825	57.600	56.200	1,498	424
May	57.925	0.775	58.650	57.500	1,631	168
Jul	58.300	0.800	59.250	57.900	1,475	76
Aug	56.050	1.000	57.000	55.700	250	32
Total					9,923	2,155

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Mar	Jun	Mar	Jun
1125	33	58	28	36
1150	22	45	42	48
1175	14	35	59	62
■ COPPER (Grade A) LME	Mar	Jun	Mar	Jun
1750	47	79	47	58
1800	26	56	76	84
1850	14	38	113	116
■ COFFEE LCE	Mar	May	Mar	May
1150	75	106	25	51
1200	47	80	47	75
1250	28	59	78	104
■ COCOA LCE	Mar	May	Mar	May
900	49	79	26	38
925	36	65	38	49
950	26	53	53	62
■ BRENT CRUDE IPE	Jan	Feb	Jan	Feb
1400	2	8	20	54
1450	3	2	-	-
1500		1	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Feb)

		+or-
Dubai	12.42-2.47w	+0.305
Brent Blend (dated)	13.59-3.64	+0.46
Brent Blend (Feb)	13.56-3.58	+0.25
W.T.I. (1pm est)	14.51-4.54w	+0.30

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

		+or-
Premium Gasoline	141-143	+1
Gas Oil	146-148	+1
Heavy Fuel Oil	55-56	
Naphtha	127-130	+1
Jet fuel	169-170	+0.50

Petroleum Argus Estimates

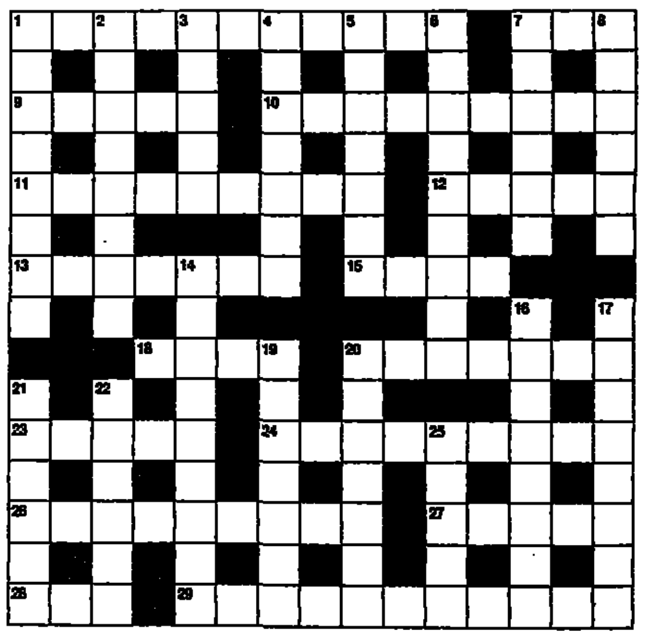
■ OTHER

		+or-
Gold (per troy oz)♣	$394.25	+3.50
Silver (per troy oz)♣	523.5c	+12.0
Platinum (per troy oz.)	$398.00	+4.50
Palladium (per troy oz.)	$125.00	+1.75
Copper (US prod.)	85.0c	-1.0
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	12.49r	-0.06
Tin (New York)	227.5	
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	119.50p	-1.40*
Sheep (live weight)†♠	93.93p	-2.15
Pigs (live weight)	64.32	-6.99
Lon. day sugar (raw)	$270.1	+0.4
Lon. day sugar (wte)	$287.5	+2.0
Tate & Lyle export	£294.0	
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£129.0z	
Wheat (US Dark North)	£175.0	
Rubber (Feb)♥	61.75p	
Rubber (Mar)♥	62.00p	
Rubber (KL RSS No1 Jul)	212.0m	+0.5
Coconut Oil (Phil)§	$657.5x	-2.5
Palm Oil (Malay.)§	$417.5z	-5.0
Copra (Phil)§	$432.5	
Soyabeans (US)	£208.0y	+2.0
Cotton 'A' Index	63.45c	+1.00
Wooltops (64s Super)	342p	-

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jan/Apr w Feb. z Jan. v Sep/Oct t Dec/Jan. x Jan/Feb. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,345 Set by DANTE



ACROSS

1 Girl in touch with weaponry (3,3,5)
7 The girl to take action (3)
9 Play pluckily (5)
10 What a 100-watt 2-volt bulb produces? (9)
11 Took the main course but possibly not a sweet (4,2,3)
12 Open grassland (5)
13 Settles for ten less in exchange (7)
15 Pulls to one side then another (4)
18 Forget to leave out (4)
20 Makes light work of passing course (7)
23 Sort of marbles Nigel played with (5)
24 Most important architectural monument to see? (9)
26 Awfully curt cad or knave, perhaps (5-4)
27 All the composer required (5)
28 Romanian money that is left around (3)
29 Strive to cheat as many as possible (2,3,3,3)

DOWN

1 Saw baton wielded in Africa (8)
2 Irresolution is a failing (8)
3 Lancelot, for example, loses his head in the dark (5)
4 Country books at jumble sales (7)
5 Up in arms (7)
6 What an executor has? (4-5)
7 Communicate without speaking? Remarkable! (6)
8 No more wine – that's the limit (6)
14 A tin medal ordered to be plated (9)
16 Mentally ill – needs a change of routine before cure starts (8)
17 All is not as it should be in the stud (8)
19 Composition that calls for assurance of touch (7)
20 Dialect around the Kremlim? (7)
21 A leaden writer? (6)
22 Rodent that's a bit of a drag out in S. America (6)
25 Great envy gnawed away at the heart (5)

Solution to Saturday's prize puzzle on Saturday January 15.
Solution to yesterday's prize puzzle on Monday January 17.

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Late rally reduces losses in nervous session

By Terry Byland, UK Stock Market Editor

The first trading session of 1994 saw a highly volatile performance from UK equities, with an equally erratic trend in stock index futures calling the tune for the stock market. The FT-SE 100 Index was down 38 points at the day's low but rallied strongly, reducing its fall by two-thirds before the close. At its final reading of 3,408.5, the index was 9.9 off on the day, having touched extremes of 3,427.9 and 3,380.4 earlier.

Traders agreed that yesterday's session had been difficult to measure since both market indices and volume statistics had been distorted by special factors. Senior executives at many market firms, and institutions, had returned from the Christmas break to face unexpectedly high trading levels in the marketplace. Morning meetings were often extended and there were lengthy telephone conferences with fund management clients. "A slightly unreal day," cautioned one leading dealer.

Equities opened higher on the back of the further strength shown by continental European markets while London was closed on Monday. But, after climbing 9.5 in Footsie terms, the market was hit hard when the March contract on the Footsie opened sharply down and fell to a small discount against cash. US selling was blamed for the fall in futures contracts in both gilts and equities.

Worries that interest rates may be about to turn higher in the US were balanced against hopes that the Bundesbank will this week lead rates lower in Europe.

Pressure on equities was increased by hints that a UK institution with heavy pension fund exposure wanted to put £400m into the new index-linked tap stocks, and was funding the move by selling shares.

But selling of both futures and shares dried up at midsession and a cautious rally turned distinctly better towards the close when London was taking heed of firmness on Wall Street and in some European markets. The Footsie regained the 3,400 mark towards the end of a session which had seen the index move through a range of nearly 48 points.

However, traders were far from convinced that the rally was genuine. Seaq volume totalled 1.0664bn shares, well at the higher end of daily averages. But around 48 per cent of this total came from the placing of the rump of a rights issue from Wakebourne, one of the stock market's "penny stocks".

Buttressed by the Wakebourne placing, trading in non-Footsie stocks made up an astonishing 75 per cent or so of the day's Seaq total, which was substantially above average. In addition, basket trading from the futures market indicated an even lower proportion of genuine investment activity in the blue chip Footsie stocks.

The high level of interest among the second line issues, however, enabled the FT-SE Mid 250 Index to move against the trend of the blue chips, adding 8.1 at 3,799.4.

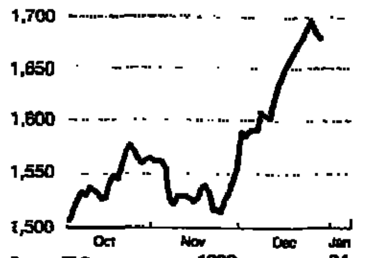
Against this slightly surrealistic backcloth, the stock market made little significant response to the 1 per cent rise in domestic M0 money supply in December. Renewed vigour in gold bullion prices was reflected in demand for RTZ shares.

There was the expected crop of shares moving higher in response to the round of broker recommendations for the new year. But across the wider range of market forecasts, there was some caution over the timing for the general advance in equities predicted for 1994.

Account Dealing Dates		
*First Dealings: Dec 13	Jan 4	Jan 17
Option Declarations: Dec 30	Jan 13	Jan 27
Last Dealings: Dec 31	Jan 14	Jan 28
Account Day: Jan 10	Jan 24	Feb 7

*New time dealings may take place from two business days earlier.

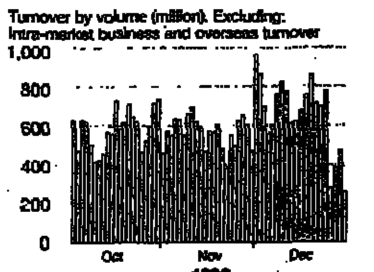
FT-A All-Share index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Key Indicators

Indices and ratios

FT SE 100	3408.5	-9.9	FT Ordinary index	2552.0	-7.5
FT-SE Mid 250	3799.4	+8.1	FT-SE-A Non Fins p/e	22.01	(22.04)
FT-SE-A 350	1700.0	-3.0	FT-SE 100 Fut Mar	3420.0	-6.0
FT-SE-A All-Share	1679.71	-2.46	10 yr Gilt yield	6.20	(6.09)
FT-SE-A All-Share yield	3.37	(3.37)	Long gilt/equity yld ratio:	1.99	(1.96)

Best performing sectors		Worst performing sectors	
1 Extractive Inds	+3.3	1 Water	-1.8
2 Retailers, Food	+1.3	2 Oil, Integrated	-1.6
3 Leisure & Hotels	+1.1	3 Household Goods	-1.2
4 Other Financial	+0.9	4 Merchant Banks	-1.0
5 Media	+0.8	5 Elec Equipment	-1.0

Focus on stores prospects

The first whispers of Christmas high street sales figures seeped into the stock market yesterday, with retailers in general said to have seen some useful increases. In spite of a slow early December, the week before Christmas seems to have seen shoppers flocking back. However, the picture is still patchy.

Clothes sales appear to have been strong, as were jewellery and other giftware. But some computer games were dull, although small electrical appliances were said to be in demand. Analysts said the full picture would become clearer over the next 10 days as some of the leading stores groups put out trading statements.

However, while sales may be stronger, analysts said the key to improved revenues will be those companies which held margins. Next is one which has been attracting the most bullish comments in this respect, its shares adding 6½ at 238p yesterday. Austin Reed gained 9 at 195p. Jeweller Signet Group, which will make a sales statement next week, moved up 2¼ to 26¼p. Talk of strong book sales lifted W.H. Smith "A" 7½ to 517½p, while Pentos firmed 2 to 27. Boots, which will issue a report by the end of this week, slipped 5 to 593p.

Vodafone wanted

Mobile telephone operator Vodafone recorded its biggest monthly increase in new connections in December and the shares responded in kind, jumping 13 to a record 607p.

The company said 52,500 new subscribers had signed up last month, taking the total number to above 1m for the first time. Analysts had been expecting a figure of around 40,000. Although much of the increase was put down to Christmas buying in the consumer market, there were also indications that demand from business users – which pay higher tariffs – had also been strong.

One telecoms analyst said that the December connections, which were up 75 per cent from November's, would focus the market's profit forecasts on to 1996, with some said to be pencilling in a figure of £450m to £460m. The group recently reported interim profits of £174.5m for the six months to September 30.

Vodafone supporters said the more impressive 68,500 December connection figure reported by Cellnet, rival mobile phone operator owned by Securicor and BT, had been boosted by a generous sales package. Smith New Court, reiterating its strong buy stance on Vodafone, said the new connection figures showed the mobile telecoms market still had plenty of growth potential.

Eurotunnel firm

Channel tunnel operator Eurotunnel bucked the poor market trend in London, moving sharply ahead after it said the 23 leading banks of its creditor syndicate had approved its funding plans. Market watchers said the agreement clears the way for a likely rights issue within the next few months.

The shares rose 20 to 630p in active trade of 2.7m, and were heavily traded in Paris where the group is also listed.

Sentiment was further boosted by confirmation of its tariff for users when it opens in May, and analysts suggested that novelty value was likely to attract users in spite of the rather expensive tariffs.

Yesterday's announcement followed the recent agreement by the French and British governments to extend the Channel tunnel concession for an extra 10 years.

Hotel, racing and property group Ladbroke was the best performing FT-SE 100 stock as a variety of pundits and brokers tipped it as a likely outperformer in 1994. Kleinwort Benson, the merchant banker, has included it in its top 10 buys of the year.

Analyst Mr Paul Slattery said: "The on-going managerial changes at Ladbroke are leading to improved disclosure and empathy with investor concerns, while the trading recovery will boost earnings performance in 1994. We expect the share price to outperform strongly as the year progresses."

The shares have underperformed the market by 28 per cent, 51 per cent and 58 per cent over the past 12, 24 and 36 months respectively. Yesterday they jumped 12½ to 175p, with 11m shares traded.

BT was a weak feature of a strong telecoms sector as Hoare Govett underlined market sentiment that the stock was looking overbought. Hoare's said worries over new competition, Oftel-induced price cuts and the threat of a more aggressive pricing from Mercury, hung over BT. The shares later rallied to close just a penny off at 471½p.

News of a wide-ranging review of UK cross-media ownership once again led to renewed bid speculation for several TV stocks. Those said to be bid targets include Anglia TV, which put on 5 to 433p, and HTV 4 better 113p. Yorkshire, currently in merger talks with bid target LWT jumped 18 to 174p. LWT remained unchanged at 606p.

Bargain hunters were active in the much-maligned food manufacturing sector. Many stocks benefited from 1994 tipping in the media. Among them Cadbury-Schweppes rose 9 to 518p, Unigate 3 to 369p, Tate & Lyle 9 to 409p and Bensons Crisps 11 to 67p.

News that the chief executive of international conglomerate BTR had sold part of his holding in the group at 374p a share brought a retreat of 15 to 358p in the stock.

The recovery in the gold price boosted mining group RTZ late in the session. The shares jumped 32 to 844p.

Worries that the Channel tunnel will prove strong competition for the ferry services left P&O down 8 at 636p.

Volume in computer maintenance company Wakebourne jumped to 404m, making it by far the day's most actively traded stock, after the placing of the rump of last month's rights issue which received a 68 per cent take-up. The shares hardened 1½ to 3½p.

● The FT-SE Actuaries Share Indices shown below are the first to use the revised classification of industry sectors. A table explaining the new system can be found on the UK Company News pages.

The FT's share price listings, the London Share Service, have also been adjusted to reflect the new classification. A complete alphabetical guide to where companies fall in the new classification was published in yesterday's FT.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo.

■ Other statistics, Page 17

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (295).

GILTS(2) BANKS(4) Allied Irish, Espirito Santo, HSBC, Ottomane Bank. BREWERIES(2) Regent Inns, Wetherspoon (J.D.). BUILDING & CNSTRN (10). BLDG MATLS & MCHTS(5). CRH, Heywood Williams, Latham (J.), Tarmac CHEMICALS(6). BASF, BTP, Headway, Laporte, Manders, Perstorp DISTRIBUTORS(15). DIVERSIFIED INDLS(6). Antofagasta, B. H. Prop., Brierley Invs, Kvaerner 'B', Pacific Dunlop, Western Mining. ELECTRICITY(1). South Wales. ELECTRNC & ELECT EQUIP(7). ASEA 'B', Copymore, Danka Bus. Kenwood Appliances, Peak, Philips Elect, Scholes. ENGINEERING(11) ENG. VECHICLES(4). Mid-States, Motor World, Volkswagen, Volvo 'B'. EXTRACTIVE INDS (33) FOOD MANUF(2) Greencore, Morsn. HEALTH CARE(1) Takara. HOUSEHOLD GOODS(4) Paterson Zochnis, Do. A N/V. Portmeirion Potts., Waterford Wedgwood INSURANCE(2) Angerstein, Archer (A.J.). INVESTMENT TRUSTS(73). INVESTMENT COMPANIES(17) LEISURE & HOTELS(5). Artours 6 3/8p Cv Pf, Castle Comm, Mandarin Oriental, Prism Leisure, Rank Org., LIFE ASSURANCE(3) Aegon, Liberty Life Assoc. Africa, Transatlantic. MEDIA(12) MERCHANT BANKS(2) Close Bros,Rea Bros. OIL EXPLORATION & PROD(1) Europe Energy. OTHER FINANCIAL(10) OTHER SERVS & BUSNS(1) Greenway. PHARMACEUTICALS(2). Astra B, Grampian Hldgs. PRTNG, PAPER & PACKG(14) PROPERTY (13) RETAILERS, FOOD(3) Dairy Farm Intl., Park Food, Shoprite RETAILERS, GENERAL(5) Austin Reed, Bentalls, Coles Myer, Frost Group, Next, Stylo. SUPPORT SERVS(4) Hays, Ricardo, Vega, Virtuality. TEXTILES & APPAREL(2) Dewhirst, Jacques Vert TRANSPORT(7) Cathay Pacific, Dart, Eurotunnel Units, Do Wts 1993, IoM Steam, TNT, Tibbett & Britten, AMERICANS(1) CANADIANS(1) SOUTH AFRICANS(3)

NEW LOWS (13).

OTHER FIXED INTEREST(3), BUILDING & CNSTRN(1), ELECTRNC & ELECT EQUIP(1), EXTRACTIVE INDS(1), LEISURE & HOTELS(1), MEDIA(1), OIL EXPLORATION & PROD(1), PROPERTY(2),SUPPORT SERVS(1), TOBACCO(1).

EQUITY FUTURES AND OPTIONS TRADING

Derivatives markets continued to exert a powerful influence over the underlying stock market yesterday, *writes Terry Byland.*

But stock index futures were themselves highly volatile as locals, or independent traders, tried to anticipate the expected bout of profit-taking in the March contract on the FT-SE 100 Index. There was also continued nervousness over expiry on over the counter programmes.

The March futures contract ignored a firm opening in equities and fell sharply as the locals sold it down relentlessly until it stood at a small discount against the index itself – fair value now stands at around 13 points. Selling pressure also came from the US, where investors feared that interest rates may rise.

In what has become a rare response, London securities firms opened "negative" basket programmes, buying the future and selling the blue chip stocks. At midsession, however, futures selling died away and the contract rallied strongly, closing at 3,422, almost in line with fair value. Trading volume was high at just above 13,000 contracts.

Business in traded options was also strong, at 40,740 contracts, with the FT-SE 100 option recording 18,658; the half-session on New Year's Eve saw 5,992 Footsie contracts traded. The Euro FT-SE option had 3,571 lots dealt. Individual contracts were headed by Glaxo, with 2,355 traded as the market responded to the news on US sales rulings.

Tomkins, Ladbroke and Trafalgar House, favoured in the new year recommendations of several broking houses, had 1,488, 1,129 and 1,016 contracts transacted respectively.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3433.0	3420.0	-6.0	3434.0	3386.0	15026	65323
Jun	3434.0	3431.0	-6.0	3434.0	3422.0	3	1660

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3404) £10 per full index point

	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P
Jan	212½	3½	165½	6	118	10½	78½	20½	45	39½	22	68½	9	108½	4	154½
Feb	227½	12	184½	18½	143½	27½	108½	41	76½	61½	51	87	31	119½	17½	159½
Mar	239½	23½	198½	32	161½	44	126	59	95½	81	70	103½	46½	143½	32	169½
Jun	250½	33½	212½	44½	175	56½	142	73½	112	93½	86½	119	65	148½	48	183
Sept†	274½	50½			201½	76½			139½	114			93	168		

Calls 8,894 Puts 9,872

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P	3475 C	3475 P
Jan	281½	2	231½	3	183½	5	137½	9½	94½	14	58½	28	32	50½	14½	83½
Feb	296	6½	250	10	205	15	162½	62	123½	33	89½	48	60½	69	38½	96½
Mar	305½	14½			219	26½			143	49½			82½	87½		
Jun	334½	37			256½	56			188½	85½			130½	125½		
Sept†	361½	53			287½	75			222	106			166½	146½		

Calls 884 Puts 2,712 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	3,400	57¼	+2
Abbey National†	2,800	509	-3
Albert Fisher	607	88	+1
Allied-Lyons†	1,900	673	-7
Anglian Water†	893	582	-10
Argos	940	379	-4
Argyll Group†	2,900	283½	+7½
Arjo Wiggins†	597	239	+1
Assoc. Brit. Foods†	1,100	569½	+6½
Ass. Brit. Ports	1,100	547	
[illegible]			

FT - SE Actuaries Share Indices — The UK Series

[illegible]

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied-Lyons	650	31	52	60½	6½	20½	34
(*672)	700	6½	27	35½	33½	46	61½
Argyll	280	11	23	28½	8½	17	25
(*283)	300	4	14	19½	21½	29	37
ASDA	50	8½	11	13	1	3	4½
(*57)	60	2	6	7½	5	7½	9
[illegible]							

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Hanson	260	15	18	21½	4½	9½	13
(*268)	280	5	8½	12½	15	20½	24
Lasmo	110	15½	21½	25½	7½	12½	16
(*116)	120	9½	16½	20½	13	17	21
Lucas Inds	180	18	22	27½	4½	9	12½
(*191)	200	7	12½	17½	14½	20½	23½
[illegible]							

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	74	2
Other Fixed Interest	1	0	14
Mineral Extraction	102	34	73
General Manufactures	233	91	361
Consumer Goods	65	36	92
Services	170	62	294
Utilities	8	32	6
Financials	129	81	186
Investment Trusts	134	80	253
Others	44	50	46
Totals	888	540	1327

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	1993/94 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	53.3	102	100	Aberforth Sp C	100½		-	-	-	-
100	F.P.	28.5	102	92	Abtrust Lloyds	95	+1	-	-	-	-
230	F.P.	57.9	265	230	Azlan	265		L3.0	2.8	1.4	31.5
100	F.P.	118.6	106	96	CLM Insce	106		-	-	-	-
250	F.P.	156.0	250	217	Celltech	221	-3	-	-	-	-
§155	F.P.	284.7	188	178	Chelsfield	182		MN2.4	-	1.6	-
[illegible]											

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
n.a	2555.3	2550.7	2538.1	2539.9	2538.4	2535.7	2539.4	2545.8	2567.8	2535.5

	Jan 4	Dec 31	Dec 30	Dec 29	Dec 24	Yr ago
SEAQ bargains	43,876	20,171	38,746	29,336	15,425	33,093
Equity turnover (£m)†	-	568.1	1303.0	1049.0	560.6	1419.9
Equity bargains†	-	21,638	41,272	30,926	17,548	39,054
Shares traded (ml)†	-	255.0	474.3	390.9	289.1	649.3

† Excluding intra-market business and overseas turnover

TRADITIONAL OPTIONS

First Dealings	Dec 20	Last Declarations	March 24
Last Dealings	Jan 7	For settlement	April 5

3-month call rate indications are shown in Saturday editions.

Calls: Arcon Intl., Babcock, Eurotunnel, Millgate, MIM Hldgs., Renison Gold, Rodime, Sleepy Kids, Suter, Triplex, Virtuality, Waterford Wedge., Waverley Mining Puts: Jardine Matheson, Millgate Puts & Calls: Waverley Mining.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£25¼	+⅛	£26¾	£18¼	7,035	4.1	13.4
ANZ A$		226½	—	228½	130	2,950	4.0	ф
Abbey National	†□	509	-3	524	345	6,673	2.9	19.6
Allied Irish I£	‡†a□	285	+2	296	179	1,942	3.5	16.1
Anglo Irish I£	¶□	63	—	66	32	78.7	7.5	ф
Asahi Y		663	-8	844	415	15,151	0.7	–
Banco Bil Viz Pta		£14⅞	—	£17⅞	£13⅛	3,430	5.8	6.6
Banco Sant Pta		£31	-½	£36	£24⅛	3,444	4.3	11.7
Bank Leumi (UK)		376	—	375	325	29.8	5.7	–
Bk Ireland I£	‡uz□	294	+3	*295	177	1,383	4.2	21.7
Bank Scotland	‡†□	220	-5	240½	116½	2,564	2.7	29.9
9¼pc Pf		139¼	-1	140¾	117¾	139.3	8.3	–
9¾pc Pf		146¼	-½	147¾	123½	148.3	8.3	–
Barclays	‡N□	634	-2	652	362	10,283	2.6	–
Dai Ichi Kan Y		1666	-7	1989	857	33,326	0.5	58.1
Deutsche DM		£343¼	-1½	£348⅞	£250½	16,347	1.8	–
Espirito Santo		£23⅛	-⅝	£24	£16½	250.0	3.5	5.5
First Nat Fin	Z□	60	—	*95	45	98.1	1.0	–
Fuji Bank Y		1401	—	1651	876	40,585	0.4	–
6.3pc Cv Pf		78xd	-3	*91	55	6.24	10.1	–
7pc Cv Pf		123xd	-4	167½	106	58.4	7.1	–
HSBC HK	†□	985	-6	1007	474	16,814	2.5	23.6
HSBC (75p Shs)	†□	972	-2	987	490	7,980	2.6	33.3
Lloyds	†□	658	-1	680	492	8,448	3.8	18.8
Mitsubishi Y		£15⅝	-⅜	£19¾	£11⅛	44,985	0.3	–
Mits Tst & Bk Y		£7	-⅛	£10⅛	£4⅝	9,115	0.7	11.2
Mitsui Tst & Bk Y		516	-6	852	374	6,182	1.0	17.6
Nat Aust A$		668	+2	675	322	7,436	4.0	ф
NatWest	†□	611	-9	634	398	10,154	3.6	37.1

BUILDING MATERIALS & CNSTRN - Cont.

CHEMICALS

DISTRIBUTORS

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATERIALS & CNSTRN

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

LEISURE & HOTELS - Cont.

LEISURE & HOTELS

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

INVESTMENT COMPANIES

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

WATER

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglian	♣†N□	582	-10	610	455	1,722	4.6	11.6
Bristol Water	†N	1045xd	+1	1055	775	69.4	3.8	12.7
Chelsea A	†	445xd	+1½	448	195	22.4	3.3	15.9
B N/V		410xd	-3	413	180	9.83	3.4	14.6
East Surrey	†	378	—	378	270	47.8	3.9	9.3
Mid Kent	†N	348	—	348	244	58.5	3.9	12.8
North West	†N□	573	-13	604	431½	2,137	4.8	9.5
Northumbrian	♣†N□	712	-14	761	547	482.0	4.1	8.3
Severn Trent	♣†N□	601	-10	632	439	2,157	4.5	9.3
South Staffs	♣†	1525	—	1606	1225	85.4	4.0	10.9
South West	♣†N□	629	-8	657	465	788.1	4.8	10.3
Southern	†N□	661xd	-10½	685	454	1,107	4.1	10.8
Thames	♣†N□	570	-7	588	454	2,234	4.7	11.2
Welsh	†N□	688	-11	735	506	994.2	4.4	6.9
Wessex	†N□	720xd	-9	745	536	901.4	3.9	11.5
York W'works	♣†	328	—	328	210	20.3	3.6	14.4
Yorkshire	♣†N□	597	-10	630	473½	1,192	4.6	9.9

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£13½	—	£13½	£7½	805.4	5.2	11.2
Barlow Rand		£8⅞	+¼	£10⅝	£5½	1,742	3.9	ф
Gold Fields SA R		1800	+125	1800	725	1,736	2.2	29.8
NK Props	sa	90	—	97	68	3.62	15.1	ф
SASOL	♥	295	—	306	215	1,871	5.3	-
SA Brews		1521	+21	1521	753	6,227	1.8	25.2
Tiger Oats		813	+100	813	513	1,221	2.0	17.2
Tongaat-Hulett	†	472xd	+4	472	212	353.3	3.2	13.2

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
• Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
ф Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ Free annual/interim report available, see details below.
USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
I Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on MNR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
81 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Growfund American	6	167.1	168.9xd	177.7	-1.00	0.00
AIB Growfund Equity	5	248.3	251.2	265.8	-1.60	1.61
AIB Growfund Euro	5	201.3	203.0	217.7	+2.00	0.00
AIB Growfund Bal	3	122.4	123.8	128.1	+0.05	1.22
AIB Growfund Gilt	3	82.91	82.93	85.48	-0.11	4.24
AIB Growfund Japan	5	152.9	154.3xd	162.4	-2.20	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	495.8	497.2	518.4	-2.8	2.12
General Acc	5	538.2	540.9	575.5	-3.1	2.12
UK Growth Acc	6	365.4	370.1	393.8	+0.1	2.27
UK Growth Inc	6	255.9	259.2	275.8	—	2.27
Higher Inc Acc	6	681.6	691.1	735.3	+0.2	3.23
Higher Inc Inc	6	407.8	413.3	439.7	+0.1	3.23
Gilts/Fxd Int Acc	5½	198.3	198.3	207.3	-1.1	5.46
Gilts/Fxd Int Inc	5½	100.3	100.3	108.0	-0.5	5.46
Nth America	6	256.7	262.1	278.9	+2.5	0.00
Far East	6	365.5	365.5	388.9	+3.8	0.00
Europe	6	269.5	271.6	289.0	+3.0	0.00
Brit Excell	6	73.83	74.78	78.58	-0.02	2.35
Brit Fedmkts Acc	6	103.8	104.9	111.7	+0.3	4.10
Brit Fedmkts Inc	6	78.51	78.88	84.75	+0.20	4.00
Global Opps	6	84.65	86.38	91.90	+1.62	0.00
Balanced Acc	6	55.25	55.86xd	59.59	-0.20	2.15
Balanced Inc	6	54.76	55.47xd	59.02	-0.21	2.15

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilts & Fixed Int	6	141.6	141.6xd	150.1	-1.0	5.33
High Inc Equity	6	169.1	172.1xd	183.0	-2.3	4.30
Worldwide Bond	6	273.3	273.3	289.8	-1.5	3.82
American Growth	6	305.3	305.3xd	325.5	-4.4	.97
Asian Pacific	6	418.1	427.4	454.6	+12.1	.30
Assets & Earnings	6	263.1	268.2	285.3	-1.2	1.91
Capital Reserve Acc	0	130.6	130.5	130.6	—	5.18
Comdty & Energy	6	126.8	128.8	135.4	+0.3	.41

Capel-Cure Myers UT Mngt Ltd - Contd.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Fund						
High Yield	2	1392.80	1403.60xd	1407.0	-8.00	3.73
(Accum Units)	2	1874.80	1887.90xd	1489.0	-8.00	3.73

Capital House Unit Tst Mgrs (1200)F
Capital House, Festival Square, Edinburgh.
031-228 4477 Dealing 0800 833881

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth Tst	6	37.32	37.77	40.39	-0.21	0.81
American Gwth Tst Acc	6	37.54	37.90	40.83	-0.21	0.81
Cash Acc	0	61.41	61.41xd	61.47	—	5.39
Do Income	0	50.23	50.23xd	50.23	—	5.39
European Gwth	6	39.70	39.70	42.34	+0.14	0.83
Income & Gwth Acc	6	31.80	31.80	34.01	-0.41	3.94
Do Income	6	29.38	29.38	31.40	-0.4	3.94
Intl Gwth	6	31.50	31.56	33.75	-0.07	0.79
Japan Gwth	6	24.19	24.22	25.90	-0.24	—
Managed Tst Acc	6	53.49	53.09	57.42	+0.09	0.47
Do Income	6	51.92	52.11	55.73	+0.09	0.47
Oriental Opps Acc	6	189.4	192.0	205.3	+8.1	0.49
Do Income	6	184.5	186.8	199.7	+8.9	0.49
Property Shares	6	42.96	43.95xd	47.00	+0.01	1.73
Smaller Cos	6	30.84	31.65	33.85	+0.08	1.58
UK Growth Tst	6	28.66	35.86	38.61	-0.29	2.84
Mngd Exempt Acc	3	271.8	274.5xd	285.9	-11.4	2.21
Do Income	3	253.3	255.8xd	266.4	-4.1	2.21
Royal Scottish Assurance						
Roy Scot/Cap Hse Global Acc	6	78.28	78.66	84.12	-0.6	1.61
Do Income	6	74.46	74.80	80.00	-0.57	1.61
Roy Scot/Cap Hse UK Acc	6	78.18	78.52	81.83	-0.58	2.25
Do Income	6	70.70	71.04	75.97	-0.51	2.25

CB Unit Managers Ltd (Formerly Brown Shipley)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
CH Mgd Euro Inc	6	26.43	26.43	28.28	-0.12	0.38
CH Mgd Europ Acc	6	27.41	27.41	29.31	-0.12	0.38
CH Financial	6	153.9	156.2	167.0	-0.2	2.44
CH Foundation	6	89.52	91.47	97.76	—	2.80
CH Germany	6	52.15	52.25	55.88	-0.15	0.07
CH High Income	6	80.77	80.77xd	86.38	-1	5.91
CH Income	6	138.3	140.3	150.0	-0.7	3.87
CH Mgd Intl Growth	6	38.20	38.86	41.66	+0.04	0.16
CH Mngd Ptfolio Inc	6	107.7	109.9	117.5	+0.3	1.57
CH Mngd Ptfolio Acc	6	204.9	209.0	221.6	+0.5	1.57
CH Monthly Income	6	81.62	83.57xd	89.37	-0.05	3.60
CH Mgd Intl American	6	109.1	109.1xd	116.6	-3.2	0.16
CH Orient	6	149.4	149.4	159.7	-0.3	—

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation.
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

TSB Unit Trusts (1200)F

Charlton Pl, Andover, Hants. SP10 1RE

T.U. Fund Managers Limited (1200)H

MLA Tower, Addiscombe Road, Croydon

OTHER UK UNIT TRUSTS

INSURANCES

AXA Equity & Law Life Assce

Amersham Road, High Wycombe 0494 463463

Abbey Life Assurance Co Ltd

80 Holdenhurst Road, Bournemouth 0202 292373

FT MANAGED FUNDS SERVICE

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Royal Heritage Life Assurance Ltd - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Barings Funds				
Eastern	495.7	521.8		–
European Smlr Cos.	200.0	210.6		–
Managed	223.5	235.3		–
[illegible] Funds				
British	403.9	425.2		–
European	248.5	261.6		–
Frontier Markets	224.4	236.3		–
Global Bond	120.7	127.1		–
Gold Ind Resources	99.3	104.6		–
High Inc	318.9	335.7		–
Hong Kong	556.3	585.6		–
Income	485.1	[illegible]		–
Japan	[illegible]	409.3		–
UK Smlr Cos	330.3	347.7		–
Man Gth	495.1	521.2		–
Global Inc & Gwth	185.5	195.3		–
Pacific Growth	438.0	460.6		–

Royal Life Insurance Ltd

New Hall Place, Liverpool L69 3HS 051-239 3000

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Shield Fd.	976.4	1033.2	—	–

Royal Liver Assurance

Royal Liver Building, Liverpool, L3 1HT. 051-236 1451

Scottish Provident Group - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Other Funds				
B&B Select Managed	126.2	132.9	-0.1	–
SWM Superior Growth	226.1	238.0	+0.2	–
SWM Superior Distribution	118.6	124.9	-0.1	–
[illegible]	135.7	142.9	+0.5	–
Capital Income & Growth	149.3	157.2	+0.3	–
[illegible]	208.6	219.6	+1.9	–
[illegible]	186.1	195.9	+0.6	–
[illegible]	142.1	149.6	+0.2	–
[illegible]	119.3	125.6	—	–

Scottish Widows' Group

PO Box 902, Edinburgh EH16 5BU 031-655 6000

Skandia Life Assurance Co Ltd (z)

Skandia Hse, Portland Terr, Southampton 0703 334411

TSB Life Ltd

Target Life Assurance Co Ltd

Eurolife Assurance Group

Finance International Ltd

Marsh Financial Management PLC

Roxborough Financial Management Ltd

Charles Stanley & Co Ltd

United Financial Corporation Ltd

Rothschild Asset Management (CI) Ltd

GT Asset Management (Ireland) Ltd

Asset Global Funds Ltd (1200)

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (REGULATED)(**)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Citibank - Contd.				
Bond Funds				
HYB ([illegible]) Jan 4	$90015.4781		—	—
Special Assets [illegible] Dec 31	[illegible]		—	—
Citibank N.A.				
Libra 2000 Oct 21	$[illegible]		—	—
Libra 2008 [illegible] Oct 31	$130.28		—	—
Coutts & Co (Jersey) Fund Managers Ltd				
EBC Fund Managers (Jersey) Ltd				
Income	$14.48	14.835	—	1.36
Capital	$22.81	23.514	—	—
Fleming Group				
Foreign & Colonial Mngmt (Jersey) Ltd				
US$ Cash	$11.165		+0.007	—
Sterling Cash	£13.300		+0.004	—

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
CMI Asset Management - Contd.						
UK Equity		£-	7.451		+0.001	1.50
US Equity		$-	14.137		-0.050	1.03
Japan Index Tracking		Y-	767		+1	—
UK Eqty Index Tracking		£-	7.311		+0.042	2.05
US Eqty Index Tracking		$-	12.977		-0.051	1.05
German Bond		DM-	23.713		+0.052	5.56
Japanese Bond		Y-	1718		—	3.50
Swiss Bond		SFr-	22.791		+0.030	3.56
UK Bond		£-	7.102		-0.052	6.11
US Bond		$-	11.625		-0.020	5.71
Stg Currency Reserve		£-	6.0020xd		—	5.21
US Dlr Currency Reserve		$-	10.0144xd		-0.013	2.02
Commercial Union Luxembourg SA (u)						
41 Ave de la Gare L-1611						

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -
Lloyds Bank Luxembourg					
Canadian Dollar Bds		C$-	141.13	144.31	—
Swiss Franc Bonds		SFr-	127.07	129.93	—
Deutsche Mark Bonds		DM-	135.00	138.04	—
French Franc Bonds		FFr-	144.70	147.96	—
Sterling Bonds		£-	148.79	152.14	—
Yen Bonds		Y-	12802	13090	—
Dutch Guilder Bonds		Dfl-	134.83	137.88	—
US Dollar Bonds		$-	127.28	130.12	—
ECU Bonds		Ecu-	143.88	147.10	—
Multicurrency Bond		$-	119.88	122.58	—
Europe Equity		Ecu-	126.01	128.85	—
Japan Equity		Y-	8616	8810	—
North America Equity		$-	103.38	105.72	—
Pacific Equity		$-	197.45	201.89	—
Smaller Cos		$-	22.57	23.08	—
UK Equities		£-	149.52	152.88	—
World Equity		$-	116.66	119.31	—
Gold		$-	131.50	134.46	—
Convertible		$-	142.61	145.82	—
Warrant		$-	77.00	78.73	—
Midland Internatnl Circuit Fund SICAV(u)					
UK Growth		£-	1.237	1.313	[illegible]
European Growth		£-	1.338	1.417	[illegible]

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Cautious start to 1994

London's financial markets got off to a cautious start yesterday in the first day of trading of 1994, *writes Gillian Tett.* With market operators now focused on the likely impact of the meeting of the Bundesbank council tomorrow and publication of the US non-farm payroll figures on Friday, dealers were hesitant about taking strong positions too early in the week.

But though trading was fairly light yesterday, the strengthening of the dollar and sterling, and weakness of the yen and D-Mark highlighted trends that seem set to underpin the currency markets in the first few weeks of the new year.

● Sterling yesterday rose against most major currencies after the publication of higher-than-expected M0 figures in Britain.

Provisional, seasonally adjusted M0 grew by 5.8 per cent in the year to December, several points higher than the 5.2 per cent growth that had been expected by the market.

The well publicised boom in retail sales over the Christmas period had already encouraged most money market dealers to discount some rise in M0. But the rise partly dampened speculation about the possibility of early British rate cuts.

Sterling rose half a pfennig against the D-Mark, closing at DM2.578, up from DM2.572 the day before. It also gained slightly against the dollar, closing at $1.4815, up from a previous level of $1.4805.

But although dealers expect sterling to continue to strengthen against the D-Mark, opinions remain very mixed about the possibility of a British rate cut. In spite of the release of strong housing figures yesterday, the latest in a string of positive economic data, analysts point out that the impact of tax rises in the spring could undermine the economic recovery.

Nevertheless, they point out that another factor that could trigger a rate cut would be the further strengthening of sterling in the coming months.

"The market's perception is that the Bank of England does not want to see a strong sterling. The feeling in the markets is that the Bank of England will knock sterling down if it breaks through the DM2.60 level," commented Mr Avinash Persaud of J.P. Morgan.

● The dollar yesterday continued to maintain its bullish tone in both European and US trading. Although profit taking contributed to a slightly uneven rise, it made further gains against the yen and D-Mark. In early London trading the dollar hit a new high of DM1.7480, before later closing at DM1.74, up on the previous day's close of DM1.737 in European trading. The dollar also continued to make inroads against the yen, closing at Y113.2, up from a previous day's close of Y112.4.

With the outlook for the Japanese economy likely to remain gloomy, dealers yesterday said that the yen seemed set to remain weak against the dollar in the near future, not least because of the continuing political uncertainty in Japan.

However, the dollar's gains in recent days have provoked differing predictions about the sustainability of this rise.

Mr Julian Callow, currency economist with Kleinwort Benson, predicts that the dollar is now "on its way up" against both the D-Mark and the yen, and believes it could hit DM1.80 and Y115 in the near term.

Ms Alison Cottrell, of Midland Global Markets, however, thinks that Monday's strong dollar push is unlikely to be sustained. "How much more of a growth story can you build into the US?", she wonders, pointing out that the performance of the dollar could be sharply affected by the publication of the non-farm payroll figures on Friday.

● One point of consensus, though, across the market, is that the D-Mark will remain weak against most major currencies. The publication of West German industrial production figures showing a sharper-than-expected fall of 2.1 per cent in November pushed the D-Mark down yesterday, and fuelled speculation about the likelihood of another rate cut soon.

Although dealers remain uncertain that this will occur when the the Bundesbank council meets this Thursday, they point out that a rate cut is widely expected by the end of this month. Mr Michael Feeny, senior dealer at Sumitomo bank yesterday said: "The market particularly feels that the Bundesbank will cut rates either on Thursday or on the 20th." Meanwhile, a comment from the Swedish Central Bank Governor indicating that further rates cuts were unlikely in Sweden helped push the Swedish Kronor up significantly against the D-Mark. It closed at DM0.2106, up from a previous days close of DM0.2079.

● The Central Bank of Portugal yesterday followed the downward trend in European interest rates by shaving ¼ point off its money market intervention rate, offering eight-day certificates at 9.875 per cent to absorb liquidity and offering to inject eight-day funds at 10.875 per cent.

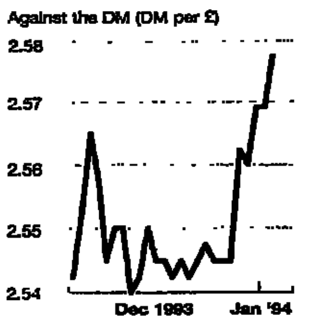
Dealers pointed out that the move was widely expected, given the steady performance of the escudo in recent weeks.

● The Bulgarian lev slid at noon to a record low of 34.80 to the dollar on a nervy local forex market, dealers said.

They could not explain whether the new turmoil was pure speculation or a result of real dollar demand, but several banks and financial houses bid for dollars without bargaining. However it later partially recovered at the close.

Sterling

Against the DM (DM per £)



Source: Datastream

■ **Pound in New York**

Jan 4	Latest	Prev. close
£ spot	1.4840	1.4755
1 mth	1.4810	1.4726
3 mth	1.4767	1.4685
1 yr	1.4653	1.4573

POUND SPOT FORWARD AGAINST THE POUND

Jan 4		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.0956	+0.0017	876 - 036	18.1455	18.0328	18.0993	-0.2	18.1067	-0.3	-	-	114.0
Belgium	(BFr)	53.6127	-0.0444	459 - 794	53.8411	53.5106	53.6927	-1.8	53.8127	-1.5	54.0877	-0.9	113.1
Denmark	(DKr)	10.0479	+0.0049	381 - 576	10.0739	10.0422	10.0631	-1.8	10.0883	-1.6	10.1432	-0.9	115.2
Finland	(FM)	8.5683	-0.0215	514 - 851	8.5973	8.5533	-	-	-	-	-	-	79.7
France	(FFr)	8.7549	+0.0073	500 - 598	8.7832	8.7391	8.7634	-1.2	8.7767	-1.0	8.7897	-0.4	108.4
Germany	(DM)	2.5782	+0.0064	771 - 792	2.5843	2.5710	2.5798	-0.7	2.5817	-0.5	2.5807	-0.1	122.8
Greece	(Dr)	370.685	+0.93	375 - 995	371.908	369.390	-	-	-	-	-	-	-
Ireland	(I£)	1.0475	-0.0035	465 - 485	1.0525	1.0460	1.0484	-1.0	1.05	-1.0	1.0537	-0.6	103.1
Italy	(L)	2514.07	-9.08	299 - 515	2530.05	2512.84	2520.62	-3.1	2532.67	-3.0	2579.27	-2.6	78.4
Luxembourg	(LFr)	53.6127	-0.0444	459 - 794	53.8411	53.5106	53.6927	-1.8	53.8127	-1.5	54.0877	-0.9	113.1
Netherlands	(Fl)	2.8825	+0.0044	814 - 835	2.8879	2.8767	2.8829	-0.2	2.8833	-0.1	2.875	0.3	118.5
Norway	(NKr)	11.1523	+0.0113	481 - 564	11.1811	11.1328	11.1682	-1.7	11.1661	-0.5	11.1525	0.0	85.2
Portugal	(Es)	262.065	+0.266	781 - 349	262.665	261.740	263.46	-6.4	266.08	-6.1	-	-	-
Spain	(Pta)	213.017	+1.423	818 - 215	213.327	211.740	213.702	-3.9	214.842	-3.4	219.217	-2.9	84.1
Sweden	(SKr)	12.2438	-0.1225	335 - 541	12.3973	12.2323	12.2693	-2.5	12.2993	-1.8	12.4198	-1.4	74.9
Switzerland	(SFr)	2.2021	+0.0069	012 - 030	2.2073	2.1960	2.1998	1.3	2.1953	1.2	2.1717	1.4	116.4
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	82.1
Ecu	-	1.3261	+0.0003	269 - 293	1.3312	1.3266	1.3293	-1.1	1.3311	-0.9	1.3339	-0.4	-
SDR†	-	0.927677	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4790	+0.0014	785 - 794	1.4817	1.4721	-	-	-	-	-	-	-
Brazil	(Cr)	498.597	+8.226	477 - 718	500.000	469.000	-	-	-	-	-	-	-
Canada	(C$)	1.9507	+0.0049	498 - 515	1.9546	1.9386	1.9477	1.8	1.9434	1.5	1.9343	0.8	92.4
Mexico	(New Peso)	4.6123	+0.0109	097 - 148	4.6226	4.5820	-	-	-	-	-	-	-
USA	($)	1.4819	+0.0014	815 - 822	1.4847	1.4752	1.479	2.3	1.4747	1.9	1.4639	1.2	67.8
Pacific/Middle East/Africa													
Australia	(A$)	2.1641	-0.0012	628 - 654	2.1690	2.1454	2.1622	1.1	2.1602	0.7	2.1605	0.2	-
Hong Kong	(HK$)	11.4459	+0.0105	424 - 493	11.4671	11.3952	11.4233	2.4	11.3907	1.9	11.3111	1.2	-
India	(Rs)	46.4986	+0.046	858 - 114	46.5860	46.2840	-	-	-	-	-	-	-
Japan	(Y)	167.679	+1.278	602 - 755	168.230	166.090	167.224	3.3	166.339	3.2	162.234	3.2	174.3
Malaysia	(M$)	3.9047	-0.0446	023 - 071	3.9446	3.8688	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6351	+0.0007	333 - 369	2.6370	2.6169	2.6356	-1.6	2.6407	-0.9	2.6419	-0.3	-
Philippines	(Peso)	41.0474	+0.0374	413 - 534	40.7413	41.3534	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5570	+0.0056	549 - 590	5.5669	5.5327	-	-	-	-	-	-	-
Singapore	(S$)	2.3865	+0.001	852 - 878	2.3919	2.3764	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0446	+0.009	423 - 469	5.0554	5.0185	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.4387	+0.0873	297 - 476	6.4763	6.2903	-	-	-	-	-	-	-
South Korea	(Won)	1200.67	+3.83	002 - 132	1202.61	1192.70	-	-	-	-	-	-	-
Taiwan	(T$)	39.4543	+0.036	375 - 710	39.5200	39.2800	-	-	-	-	-	-	-
Thailand	(Bt)	37.9799	+0.1753	820 - 777	38.0777	37.6910	-	-	-	-	-	-	-

†SDR rate for Dec 31. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 4		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Morgan G'ty index
Europe													
Austria	(Sch)	12.2115	-0.01	090 - 140	12.2550	12.2000	12.2365	-2.5	12.2765	-2.1	12.3815	-1.4	103.2
Belgium	(BFr)	36.1795	-0.083	430 - 160	36.3900	36.0900	36.3045	-4.1	36.4895	-3.4	36.9495	-2.1	102.7
Denmark	(DKr)	6.7806	-0.0029	756 - 856	6.8120	6.7730	6.8021	-3.8	6.8351	-3.2	6.9231	-2.1	104.1
Finland	(FM)	5.7821	-0.0199	721 - 921	5.8201	5.7687	5.7971	-3.1	5.8158	-2.3	5.8621	-1.4	74.7
France	(FFr)	5.9081	-0.0004	062 - 100	5.9395	5.8960	5.9255	-3.5	5.9515	-2.9	6.0046	-1.6	104.7
Germany	(D)	1.7398	+0.0027	395 - 401	1.7443	1.7354	1.7442	-3.1	1.7506	-2.5	1.7629	-1.3	104.6
Greece	(Dr)	250.150	+0.4	000 - 300	250.550	249.500	253.85	-17.7	261.65	-18.4	295.15	-18.0	72.0
Ireland	(I£)	1.4147	+0.006	137 - 157	1.4180	1.4032	1.4106	3.5	1.4042	3.0	1.388	1.9	-
Italy	(L)	1696.58	-7.67	625 - 690	1703.75	1693.60	1704.23	-5.4	1717.43	-4.9	1762.08	-3.9	76.7
Luxembourg	(LFr)	36.1795	-0.063	430 - 160	36.3900	36.0900	36.3045	-4.1	36.4895	-3.4	36.9495	-2.1	102.7
Netherlands	(Fl)	1.9452	+0.0012	449 - 454	1.9516	1.9410	1.9493	-2.5	1.9547	-1.9	1.964	-1.0	104.0
Norway	(NKr)	7.5259	+0.0008	249 - 269	7.5620	7.5050	7.5469	-3.3	7.5721	-2.5	7.6434	-1.6	95.3
Portugal	(Es)	176.850	+0.02	700 - 000	177.450	176.500	178.09	-8.4	180.23	-7.6	187.95	-6.3	94.0
Spain	(Pta)	143.750	+0.83	650 - 850	143.850	143.350	144.485	-6.1	145.68	-5.4	149.755	-4.2	79.9
Sweden	(SKr)	8.2625	-0.0903	575 - 675	8.3983	8.2500	8.295	-4.7	8.3425	-3.9	8.48	-2.6	79.3
Switzerland	(SFr)	1.4861	+0.0034	858 - 863	1.4947	1.4805	1.4875	-1.1	1.4887	-0.7	1.4835	0.2	103.3
UK	(£)	1.4819	+0.0014	815 - 822	1.4847	1.4752	1.479	2.3	1.4747	1.9	1.4639	1.2	90.9
Ecu	-	1.1158	+0.0008	150 - 165	1.1177	1.1107	1.1126	3.4	1.1079	2.8	1.0975	1.6	-
SDR†	-	1.36985	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9981	-	980 - 981	0.9981	0.9979	-	-	-	-	-	-	-
Brazil	(Cr)	336.469	+5.249	468 - 470	336.475	336.468	-	-	-	-	-	-	-
Canada	(C$)	1.3164	+0.0021	161 - 166	1.3190	1.3135	1.3169	-0.5	1.3178	-0.4	1.3214	-0.4	88.8
Mexico	(New Peso)	3.1125	+0.0045	115 - 135	3.1135	3.1060	3.1142	-0.7	3.1183	-0.7	3.1325	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	102.9
Pacific/Middle East/Africa													
Australia	(A$)	1.4604	-0.0022	599 - 609	1.4620	1.4535	1.4616	-1.0	1.4646	-1.2	1.4727	-0.8	86.1
Hong Kong	(HK$)	7.7240	-	235 - 245	7.7259	7.7233	7.7275	-0.5	7.7305	-0.3	7.7377	-0.2	-
India	(Rs)	31.3788	+0.0025	775 - 800	31.3800	31.3750	31.4588	-3.1	31.6638	-3.6	-	-	-
Japan	(Y)	113.155	+0.76	130 - 180	113.450	112.600	113.07	0.9	112.795	1.3	110.83	2.1	138.2
Malaysia	(M$)	2.6350	-0.0325	340 - 360	2.6725	2.6185	2.638	-1.4	2.646	-1.7	2.6875	-2.0	-
New Zealand	(NZ$)	1.7783	-0.0011	775 - 790	1.7790	1.7699	1.7796	-0.9	1.7827	-1.0	1.7908	-0.7	-
Philippines	(Peso)	27.7000	-	000 - 000	27.9000	27.5000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7500	+0.0002	495 - 505	3.7505	3.7495	3.7585	-2.7	3.77	-2.1	3.79	-1.1	-
Singapore	(S$)	1.6105	-0.0008	100 - 110	1.6148	1.6093	1.6088	1.3	1.607	0.9	1.613	-0.2	-
S Africa (Com.)	(R)	3.4043	+0.003	035 - 050	3.4050	3.4035	3.4206	-5.7	3.4498	-5.3	3.5566	-4.5	-
S Africa (Fin.)	(R)	4.3450	+0.055	400 - 500	4.3700	4.2600	4.372	-7.5	4.43	-7.8	-	-	-
South Korea	(Won)	810.250	+1.85	000 - 500	810.500	808.400	813.25	-4.4	816.75	-3.2	835.25	-3.1	-
Taiwan	(T$)	26.6250	-	200 - 300	26.6700	26.6200	26.6839	-2.7	26.805	-2.7	-	-	-
Thailand	(Bt)	25.6300	+0.095	700 - 900	25.6900	25.5500	25.6575	-1.3	25.705	-1.2	26.155	-2.0	-

†SDR rate for Jan 3. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Jan 3. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan.4		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.75	16.33	4.809	1.955	4689	5.378	20.80	488.9	397.3	22.83	4.107	1.865	3.639	2.764	312.8	2.477
Denmark	(DKr)	53.34	10	8.711	2.565	1.043	2501	2.869	11.09	260.8	211.9	12.18	2.191	0.995	1.941	1.475	166.9	1.321
France	(FFr)	61.23	11.48	10	2.945	1.197	2872	3.293	12.74	299.4	243.3	13.98	2.515	1.142	2.228	1.693	191.5	1.517
Germany	(DM)	20.80	3.898	3.396	1	0.407	975.2	1.118	4.325	101.7	82.62	4.748	0.854	0.388	0.757	0.575	65.05	0.515
Ireland	(I£)	51.15	9.590	8.354	2.460	1	2399	2.751	10.64	250.1	203.2	11.68	2.101	0.954	1.862	1.414	160.0	1.267
Italy	(L)	2.132	0.400	0.348	0.103	0.042	100.	0.115	0.444	10.43	8.473	0.487	0.088	0.040	0.078	0.059	6.671	0.053
Netherlands	(Fl)	18.60	3.486	3.037	0.894	0.364	872.0	1	3.867	90.91	73.88	4.246	0.764	0.347	0.677	0.514	58.17	0.461
Norway	(NKr)	48.08	9.013	7.852	2.312	0.940	2255	2.586	10	235.1	191.0	10.98	1.975	0.897	1.750	1.329	150.4	1.191
Portugal	(Es)	20.45	3.834	3.340	0.984	0.400	959.2	1.100	4.254	100.	81.27	4.670	0.840	0.382	0.744	0.565	63.98	0.507
Spain	(Pta)	25.17	4.718	4.110	1.210	0.492	1180	1.354	5.235	123.1	100.	5.746	1.034	0.469	0.916	0.696	78.73	0.623
Sweden	(SKr)	43.80	8.211	7.153	2.106	0.856	2054	2.355	9.109	214.1	174.0	10	1.799	0.817	1.594	1.211	137.0	1.085
Switzerland	(SFr)	24.35	4.564	3.976	1.171	0.476	1142	1.309	5.064	119.0	96.73	5.559	1	0.454	0.886	0.673	76.16	0.603
UK	(£)	53.61	10.05	8.755	2.578	1.048	2514	2.883	11.15	262.1	213.0	12.24	2.202	1	1.951	1.482	167.7	1.328
Canada	(C$)	27.48	5.151	4.487	1.321	0.537	1289	1.478	5.715	134.3	109.2	6.274	1.129	0.513	1	0.760	85.96	0.681
US	($)	36.17	6.781	5.908	1.740	0.707	1696	1.945	7.524	176.9	143.7	8.259	1.486	0.675	1.316	1	113.2	0.896
Japan	(Y)	319.7	59.93	52.21	15.37	6.249	14991	17.19	66.49	1563	1270	72.99	13.13	5.963	11.63	8.837	1000.	7.919
Ecu		40.37	7.568	6.593	1.941	0.789	1893	2.171	8.396	197.4	160.4	9.217	1.658	0.753	1.469	1.116	126.3	1

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	0.5708	0.5726	+0.0020	0.5729	0.5700	37,435	128,405
Jun	0.5696	0.5700	+0.0020	0.5700	0.5695	1,799	5,490
Sep	-	-	-	-	-	1	192

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	0.8898	0.8866	-0.0036	0.8902	0.8835	18,781	100,651
Jun	0.8940	0.8906	-0.0036	0.8940	0.8899	335	3,854
Sep	-	0.8967	-	-	0.8967	12	192

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	0.6686	0.6734	+0.0048	0.6737	0.6680	18,409	46,076
Jun	-	0.6727	-	0.6735	-	127	308
Sep	-	-	-	-	-	-	-

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	1.4700	1.4784	+0.0088	1.4790	1.4694	9,505	28,095
Mar	1.4710	1.4730	+0.0070	1.4730	1.4710	11	914
Jun	-	1.4670	-	1.4670	-	4	8
Sep	-	1.4650	-	1.4650	-	9	5

EMS EUROPEAN CURRENCY UNIT RATES

Jan 4	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.786565	-0.003899	-2.73	6.66	18
Netherlands	2.19672	2.16642	+0.00084	-1.38	5.20	-
Germany	1.94964	1.93669	+0.00128	-0.66	4.44	-
Belgium	40.2123	40.4225	+0.0695	0.52	3.21	-4
France	6.53883	6.58687	+0.00235	0.74	2.99	-6
Denmark	7.43679	7.56061	+0.0002	1.66	2.05	-11
Portugal	192.854	197.024	+0.06	2.16	1.55	-15
Spain	154.250	160.029	+0.769	3.75	0.00	-26
NON ERM MEMBERS						
Greece	264.513	278.259	+0.087	5.20	-1.38	-
Italy	1793.19	1897.54	-10.28	5.82	-1.96	-
UK	0.786749	0.751612	-0.001282	-4.47	8.60	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Jan	PUTS Feb	PUTS Mar
1.400	8.12	8.05	8.24	-	0.15	0.56
1.425	5.70	5.90	6.30	-	0.44	1.05
1.450	3.37	4.01	4.55	0.15	0.99	1.79
1.475	1.55	2.49	3.11	0.70	1.91	2.78
1.500	0.47	1.39	2.07	2.12	3.25	4.17
1.525	0.08	0.70	1.28	4.15	5.06	5.87

Previous day's vol., Calls 16,596 Puts 11,949. Prev. day's open int., Calls 517,397 Puts 420,872

WORLD INTEREST RATES

MONEY RATES

January 4	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	7⅛	7⅛	6⅞	6¾	6⅛	7.40	5.25	-
week ago	7¼	7⅛	7⅛	6⅝	6¼	7.40	5.25	-
France	6.50	6 7/16	6¼	5 15/16	5 13/16	6.20	-	7.75
week ago	6½	6 7/16	6½	6⅛	5⅞	6.20	-	7.75
Germany	6.10	6.05	5.90	5.55	5.20	6.75	5.75	6.00
week ago	6.15	6.05	6.08	5.78	5.33	6.75	5.75	6.00
Ireland	6 7/16	6 3/8	6⅛	5⅞	5⅝	-	-	6.75
week ago	6 9/16	6 3/8	6 5/16	5 15/16	5 13/16	-	-	6.75
Italy	9 1/16	8⅝	8 5/16	8 3/16	7⅞	-	8.00	8.72
week ago	8¾	8⅝	8 5/16	8 3/16	8 1/16	-	8.00	8.76
Netherlands	5.72	5.59	5.26	5.04	4.81	-	5.25	-
week ago	5.84	5.59	5.60	5.31	5.03	-	5.25	-
Switzerland	4⅛	4⅛	4 1/16	3 13/16	3⅝	6.625	4.25	-
week ago	4 3/16	4⅛	4½	4⅛	3 13/16	6.625	4.25	-
US	3⅛	3 3/16	3 5/16	3 7/16	3⅝	-	3.00	-
week ago	2 15/16	3 3/16	3¼	3⅜	3⅝	-	3.00	-
Japan	2 11/16	2⅜	2 1/16	1 15/16	1⅞	-	1.75	-
week ago	2 13/16	2⅜	2 1/16	1 15/16	1⅞	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	3¼	3⅜	3 7/16	3⅝	-	-	-
week ago	-	3½	3⅜	3½	3 13/16	-	-	-
US Dollar CDs	-	3.03	3.13	3.29	3.62	-	-	-
week ago	-	3.03	3.06	3.17	3.50	-	-	-
SDR Linked Ds	-	3⅜	3⅜	3 13/16	3 13/16	-	-	-
week ago	-	3⅜	3⅜	3 15/16	3 13/16	-	-	-

3 Month US Treasury Bill Yield. 3.16 Prime Rate 6pc $ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 4	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	7 7/16 - 7 5/16	7 3/8 - 7 1/4	7 3/16 - 7 1/16	6 13/16 - 6 11/16	6 7/16 - 6 5/16	6 1/8 - 6
Danish Krone	7 - 6 3/4	7 1/4 - 6 5/8	7 - 6 1/2	6 3/4 - 6 1/2	6 7/16 - 6 3/16	6 1/16 - 5 7/8
D-Mark	6 1/2 - 6 3/8	6 7/16 - 6 5/16	6 1/8 - 6	5 13/16 - 5 11/16	5 9/16 - 5 7/16	5 5/16 - 5 3/16
Dutch Guilder	5 3/4 - 5 5/8	5 3/4 - 5 5/8	5 3/4 - 5 5/8	5 5/8 - 5 1/2	5 9/16 - 5 7/16	4 7/8 - 4 3/4
French Franc	6 5/8 - 6 1/2	6 5/8 - 6 1/2	6 1/2 - 6 3/8	6 1/4 - 6 1/8	5 13/16 - 5 11/16	5 9/16 - 5 7/16
Portuguese Esc.	11 1/8 - 11	11 3/8 - 11	11 1/2 - 11	11 1/2 - 11	11 1/8 - 10 3/4	10 1/2 - 10
Spanish Peseta	9 1/4 - 9	9 7/16 - 9 3/16	9 1/8 - 8 7/8	8 3/4 - 8 1/2	8 3/8 - 8 1/8	8 1/16 - 7 7/8
Sterling	5 5/8 - 5 3/8	5 1/2 - 5 3/8	5 1/2 - 5 3/8	5 7/16 - 5 5/16	5 1/4 - 5 1/8	5 1/4 - 5 1/8
Swiss Franc	4 3/8 - 4 1/4	4 3/8 - 4 1/4	4 1/4 - 4 1/8	4 - 3 7/8	3 7/8 - 3 3/4	3 13/16 - 3 11/16
Can. Dollar	3 5/8 - 3 3/8	3 5/8 - 3 3/8	3 13/16 - 3 9/16	3 7/8 - 3 3/4	4 - 3 7/8	4 1/4 - 4 1/8
US Dollar	3 3/16 - 3 1/16	3 3/16 - 3 1/16	3 1/4 - 3 1/8	3 3/8 - 3 1/4	3 1/2 - 3 3/8	3 13/16 - 3 11/16
Italian Lira	10 - 8	8 5/8 - 8 1/8	8 3/8 - 7 7/8	8 3/8 - 7 7/8	8 1/8 - 7 3/4	8 - 7 5/8
Yen	2 3/8 - 2 3/16	2 1/2 - 2 1/4	2 7/16 - 2 3/8	2 3/8 - 2 1/8	1 15/16 - 1 7/8	1 13/16 - 1 3/4
Asian $Sing	3 1/2 - 2 1/2	3 1/2 - 2 1/2	3 1/2 - 2 1/2	4 - 3	4 - 3	4 1/4 - 3 1/4

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.33	94.26	-0.06	94.34	94.23	27,828	104,017
Jun	94.89	94.81	-0.06	94.90	94.78	18,149	55,295
Sep	95.31	95.26	-0.03	95.31	95.23	4,315	36,861
Dec	95.51	95.48	-0.03	95.53	95.46	4,088	26,598

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.45	96.46	-0.03	96.46	96.43	259	4684
Jun	96.08	96.10	-0.05	96.09	96.07	46	2251
Sep	95.75	95.79	-0.05	95.79	95.75	120	731
Dec		95.39	-0.06			0	196

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.57	94.52	-0.03	94.58	94.51	40183	214767
Jun	95.13	95.04	-0.06	95.13	95.03	39450	147820
Sep	95.51	95.45	-0.05	95.51	95.43	9453	115781
Dec	95.71	95.66	-0.05	95.72	95.66	6604	85578

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.20	92.13	-0.04	92.20	92.12	3558	48352
Jun	92.67	92.65	-0.02	92.67	92.63	1547	23758
Sep	93.00	92.98	+0.03	93.00	92.91	2063	22509
Dec	93.16	93.15	+0.03	93.16	93.10	739	4865

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.23	96.25	+0.06	96.27	96.20	4988	33928
Jun	96.53	96.55	+0.04	96.56	96.50	666	11927
Sep	96.74	96.74	-0.01	96.75	96.68	519	5101
Dec	96.75	96.77	-0.01	96.75	96.75	17	623

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.37	94.28	-0.06	94.37	94.26	462	14108
Jun	94.88	94.78	-0.06	94.88	94.77	649	8657
Sep	95.21	95.16	-0.06	95.21	95.15	365	5767
Dec	95.45	95.44	-0.02	95.45	95.43	304	3175

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.46	96.45	-0.01	96.46	96.43	43,628	404,193
Jun	96.08	96.08	-0.01	96.10	96.07	66,686	331,925
Sep	95.75	95.78	-	95.79	95.73	45,345	250,957
Dec	95.36	95.36	-	95.38	95.32	20,082	177,932

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.74	96.75	-0.01	96.76	96.74	795	27,528
Jun	96.44	96.46	-	96.47	96.44	210	5,674
Sep	-	96.18	-	-	-	18	443

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9450	0.12	0.58	0.98	0.10	0.04	0.03
9475	0.04	0.37	0.75	0.27	0.08	0.05
9500	0.03	0.21	0.53	0.51	0.17	0.08

Est. vol. total, Calls 1725 Puts 1619. Previous day's open int., Calls 150610 Puts 79712

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9625	0.11	0.36	0.57	0.11	0.06	0.08
9650	0.03	0.19	0.38	0.28	0.14	0.14
9675	0.02	0.06	0.23	0.52	0.26	0.24

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1159 Puts 2460

UK INTEREST RATES

LONDON MONEY RATES

Jan 4	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 - 3	5 1/2 - 5 1/4	5 1/2 - 5 3/8	5 7/16 - 5 5/16	5 5/16 - 5 3/16	5 1/4 - 5 1/8
Sterling CDs	-	-	5 3/8 - 5 5/16	5 5/16 - 5 1/4	5 1/8 - 5 1/16	5 1/16 - 5
Treasury Bills	-	-	5 3/16 - 5 1/8	5 - 4 15/16	-	-
Bank Bills	-	-	5 3/16 - 5 1/8	5 1/16 - 5	5 - 4 15/16	-
Local authority deps.	5 7/16 - 5 3/16	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5 3/8 - 5 1/4	5 3/16 - 5 1/16	5 3/16 - 5 1/16
Discount market deps.	5 1/2 - 3 1/2	5 3/8 - 5 1/4	-	-	-	-

UK clearing bank base lending rate 5½ per cent from November 23, 1993

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1¾	4¼	4	3¾	3¾

Certs of Tax dep. under £100,000 is 2¼pc. Deposits withdrawn for cash 1pc.
Ave. tender rate of discount 4.8934pc. ECGD fixed rate Stg. Export Finance. Make up day December 31, 1993. Agreed rate for period Jan 26, 1994 to Feb 25, 1994, Schemes II & III 6.65pc. Reference rate for period Dec 1, 1993 to Dec 31, 1993, Schemes IV & V 5.375pc. Finance House Base Rate 5½pc from Jan 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.83	94.75	-0.06	94.83	94.75	23826	117016
Jun	95.03	94.94	-0.08	95.03	94.92	12110	83539
Sep	95.09	95.02	-0.08	95.09	95.01	6246	51944
Dec	95.07	95.02	-0.06	95.07	95.02	6281	48224

Traded on APT. All Open interest figs. are for previous day

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9475	0.14	0.34	0.46	0.14	0.15	0.19
9500	0.06	0.20	0.31	0.31	0.26	0.29
9525	0.02	0.10	0.19	0.52	0.41	0.42

Est. vol. total, Calls 11731 Puts 5185. Previous day's open int., Calls 97548 Puts 92847

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.5	Exeter Bank Limited	6.5	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	5.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Wimbledon & Sth West.	7
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.5	NatWestminster	5.5		
Credit Lyonnais	5.5	●Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Many other currencies are available - for rates please phone ext 2189

Clydesdale Bank Flexible Solution Acc
30 St Vincent Place, Glasgow G1 2HL. 041-248 7070

£10,000-£29,999	3.70	2.78	3.75	Qtr
£30,000-£99,999	3.75	2.81	3.80	Qtr
£100,000-£199,999	3.80	2.85	3.85	Qtr

The Co-operative Bank
PO Box 300, Skelmersdale, Lancs 0345 252000

TESSA	5.50	-	-	Yearly
Pathfinder - Card Based Current Account				
All Balances	5.37	4.03	5.50	Mth
Investment 90 - 90 Day Notice Savings				
£50,000+	5.50	4.13	5.58	6-Mth
£25,000-£49,999	4.75	3.56	4.81	6-Mth
£10,000-£24,999	4.25	3.19	4.30	6-Mth
£5,000-£9,999	3.25	2.44	3.28	6-Mth
Top Tier - Instant Access Savings				
£50,000+	4.00	3.00	4.04	6-Mth
£10,000-£49,999	3.50	2.63	3.53	6-Mth
£5,000-£9,999	2.50	1.88	2.52	6-Mth
Business Deposit - Instant Access				
£250,000+	4.75	3.56	4.81	6-Mth
£50,000-£249,999	3.31	2.48	3.34	6-Mth
£10,000-£49,999	3.00	2.25	3.02	6-Mth
£500-£9,999	2.50	1.88	2.52	6-Mth

30-90 day notice available Tel 061-829 5526

United Dominions Trust Ltd
PO Box 135, Abbey St, Reading RG1 3ED
Capital Plus Cheque Account

£1,000+	4.75	3.56	4.84	Qtr

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, London EC2V 6DS 071-382 6000

Special Acc.	4.500	3.38	4.57	Mth
£10,000 and above	4.750	3.56	4.83	Mth

Western Trust High Interest Cheque Acc
The Moneycentre, Plymouth PL1 1SE 0752 224141

£15,000+	5.00	3.75	5.09	Qtr
£5,000-£14,999	4.75	3.56	4.84	Qtr
£1,000-£4,999	4.50	3.38	4.58	Qtr

Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 9485

High Int Cheque Acc.	4.50	3.38	4.58	Qtr

NOTES- Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate' Int Cr: Frequency at which interest is credited to the account.

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WORLD STOCK MARKETS

EUROPE

PACIFIC

NORTH AMERICA

AFRICA

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Tuesday, January 4, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sumitomo Mtl Min	8.6m	919	-49	Oki Electric Ind	2.4m	550	+10
Hanwa	4.6m	463	-27	Mitsui Min & Sml	2.3m	408	+10
Suzuki Motor	3.2m	1,110	+60	Sagami Railway	1.7m	505	+5
Isuzu Motor	3.1m	369	+17	Sharp Corp	1.6m	1,560	+40
Fujitsu	2.9m	854	+10	Chino Corp	1.6m	760	+58

INDICES

Turkey							
Istanbul Cmp.(Jan 1986)	22288.4	21788.1	20682.8	22288.40	4/1/94	3855.53	1/1/93
WORLD							
MS Capital Int (1/1/70)$	599.3*	598.9	598.5	607.10	15/10/93	488.80	13/1/93
CROSS-BORDER							
Eurotrack 100(26/10/90)	1479.29	(c)	1473.36	1479.29	4/1/94	1063.02	13/1/93
Euro Top-100 (26/6/90)	1241.36	1246.77	1239.23	1246.77	3/1/94	862.73	13/1/93
JCapeDrgns (31/12/88)	[illegible]	389.40	384.00	389.40	3/1/94	188.92	4/1/93
Barings Emerg.(7/1/92)	169.01	168.46	168.41	169.01	4/1/94	99.81	4/2/93

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jan	2281.0	2285.0	-15.0	2286.0	2271.0	16,571	43,610
Feb	2294.0	2297.0	-15.0	2298.0	2289.0	207	260
Mar	2305.5	2309.0	-14.5	2309.5	2297.5	488	30,147
Jun	2299.0	2304.5	-15.0	2302.0	2293.0	36	1,651

Open interest figures for previous day.

... values of all indices are 100 except Australia All Ordinary ... 40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & ... NYSE All Common - 50 and Standard and Poor's - 10. §§ ... Jan 4 - 2249.85 -24.77.

US INDICES

Dow Jones	Jan 3	Dec 31	Dec 30	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3756.60	3754.09	3775.88	3794.33 (29/12/93)	3241.95 (20/1/93)	3794.33 (29/12/93)	41.22 (2/7/32)
Home Bonds	104.79	104.89	104.85	111.29 (10/12/93)	103.49 (11/1/93)	111.29 (10/12/93)	54.99 (1/10/81)
Transport	1751.59	1762.32	1765.96	1775.61 (28/12/93)	1453.84 (4/1/93)	1775.61 (28/12/93)	12.32 (8/7/32)
Utilities	227.06	229.30	230.16	256.46 (31/8/93)	217.14 (8/1/93)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3790.73 (3804.11) Low 3715.25 (3746.15) (Theoretical♦)
Day's high 3765.27 (3792.09) Low 3745.70 (3754.09) (Actual♦)

Standard and Poors	Jan 3	Dec 31	Dec 30	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	465.44	466.45	459.64	470.94 (28/12/93)	429.05 (8/1/93)	470.94 (28/12/93)	4.40 (1/6/32)
Industrials	540.06	540.19	542.13	543.94 (29/12/93)	496.48 (26/4/93)	543.94 (29/12/93)	3.62 (21/6/32)
Financial	43.93	44.27	44.42	48.40 (28/9/93)	39.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	258.27	259.09	259.77	260.67 (29/12/93)	236.21 (8/1/93)	260.67 (29/12/93)	4.46 (25/4/42)
Amex Mkt Val	477.24	477.15	472.55	484.28 (2/11/93)	395.84 (8/1/93)	484.28 (2/11/93)	29.31 (9/12/72)
NASDAQ Cmp	770.76	776.80	771.08	787.42 (15/10/93)	645.87 (26/4/93)	787.42 (15/10/93)	54.87 (31/10/72)

■ RATIOS

	Dec 31	Dec 17	Dec 10	Year ago
Dow Jones Ind. Div. Yield	2.68	2.67	2.67	3.14
	Dec 29	Dec 22	Dec 15	Year ago
S & P Ind. Div. yield	2.38	2.40	2.45	2.58
S & P Ind. P/E ratio	27.21	27.42	27.16	26.78

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	466.00	465.00	+0.05	466.10	465.50	52,642	175,653
Jun	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Sunshine Min	4,554,500	3	+1/8
RJR Nabisco	4,734,800	6 1/4	+1/4
Telefonos	4,463,900	65 1/2	-2
Fed Dept	4,045,300	22 1/4	-2
Merck	2,785,900	35 1/4	-1
Wal-Mart	2,650,500	25 1/2	+1/4
Am T & T	2,325,400	52 1/8	+1/4
Philip Morris	2,154,900	57 1/4	+2
Gen Motors	2,130,900	55 1/2	+3
GTE	2,025,900	34 1/4	+1/4

■ TRADING ACTIVITY

● Volume (million)

	Jan 3	Dec 31	Dec 30
New York SE	269.161	167.623	186.644
Amex	17.222	16.264	16.855
NASDAQ	253.022	253.850	211.205
NYSE			
Issues Traded	2,718	2,684	2,714
Rises	901	1,181	963
Falls	1,315	890	1,083
Unchanged	502	613	668
New Highs	54	119	100
New Lows	17	15	20

† Correction. * Calculated at 15.00 GMT ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock, whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation. ◊ I.MB Gen rebased at 1000

4 pm close January 4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15	11½	AAR	0.48	3.4	475	67	14¾	14⅛	14¾	-⅛
29⅜	12¾	A L Labs A	0.18	1.2	34	967	14⅞	14½	14⅝	+⅛
67¼	54⅝	AMP	1.60	2.5	22	855	63¼	62½	63⅛	+⅝
72¾	55½	AMR			53	5260	67¾	66⅝	67⅜	+½
3⅞	1¾	ARX			15	285	u3⅞	3¾	3⅞	+⅛
51½	29⅞	ASA	2.00	3.7	35	3262	u54	53⅛	53⅞	+1
30¾	22⅝	AbbotL	0.68	2.3	18	6908	29¾	28¾	29½	+⅝
12⅜	8¼	Abitibi Pr	0.50	4.3	7	44	11¾	11½	11¾	+⅜
15⅝	8¼	Acptncain			20	102	12½	12½	12½	-¼
36	25½	ACE Ltd	0.40	1.3	5	279	30¾	30⅜	30⅜	-⅝
12⅝	10¾	ACM Gvt In	1.06	8.7		219	12¼	12⅛	12⅛	-⅛
10⅛	9⅛	ACM GvOpp x	0.80	8.3		103	9¾	9⅝	9⅝	+.67
10⅝	8¾	ACM Gvt Sp	0.95	9.6		332	10⅛	10	10	+⅛
12¾	10½	ACM Gvt Se	1.04	8.9		681	11⅝	11⅜	11⅝	+¼
12¼	9⅝	ACM Man x	1.13	10.2		229	11¼	11⅛	11⅛	
9⅜	8⅝	ACM Managd x	0.72	8.0		425	9⅛	9	9	+.33
12⅜	7¾	AcmeClv	0.44	4.4	12	101	10	9½	10	+⅜
11⅜	6⅜	Acme Elect			34	61	7⅝	7½	7⅝	
27⅝	18⅝	Acordia	0.44	1.7	14	2	25⅝	25⅝	25⅝	+¼
16	10⅜	Acuson			58	165	12⅝	12⅜	12½	
21¾	17¾	Adams Expr	0.52	2.9	0	434	18⅛	d17¾	18	+⅛
66¼	45½	Ad Micro	3.00	6.3		12	47⅞	47½	47⅞	+¼
32¾	17	AdvMic	3.00	16.4	6	3773	18¾	17⅞	18¾	+⅜
8⅛	5½	Advest Grp	0.16	2.4	11	28	6¾	6⅝	6⅝	-⅛
24¾	14¼	Advo Inc	0.08	0.4	68	66	18½	18¼	18½	+¼
58½	41⅛	Aegon ADR	1.23	2.2	12	120	56¾	55	56½	+1½
66¼	43⅛	AetnaL	2.76	4.6	25	1701	59⅝	59	59⅜	+⅛
34	24¾	Aflac	0.40	1.5	12	3039	27⅜	26¼	27⅛	-¼
22⅛	16¾	Ahmnsn	0.88	4.5	9	1758	19¾	19½	19¾	+⅛
7¾	3⅝	Aileen Inc			5	140	4	3⅞	4	+¼
48½	37½	AirPrC	0.92	2.1	25	1285	45⅜	44¾	44⅞	-½
35¼	18⅛	Airbne Frt	0.30	0.9	28	309	34¾	34⅜	34¾	-⅛
[illegible]										

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BRUSSELS HILTON

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Continued on next page

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NYSE COMPOSITE PRICES

1993/94 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
		Continued from previous page								
28	16⅞	Safeg'd Sc			10	180	23¼	22⅞	23	-½
24¾	13⅛	SafKl	0.36	2.0	27	1871	17⅞	16⅞	17¾	+⅝
22¾	10⅞	Safeway			28	281	20⅝	20⅞	20⅞	-⅝
5⅝	2	SafewayW95				10	4⅝	4⅝	4⅝	-⅛
55	37½	StJoePaper	0.20	0.4	288	93	51⅞	50½	51	+½
37⅞	28¾	StJoeLAP	1.76	6.2	11	18	28	d28½	28½	-¼
98	75	StPaul	2.80	3.2	14	431	88¾	88	88½	+⅛
11⅞	6⅛	Salant Crp			8	180	7⅛	6¾	6¾	-⅜
75¼	39⅞	Sallie Mae	1.40	3.1	9	2645	46½	45	45¾	+¼
14⅞	12⅝	Salomon Br	0.55	4.3		498	12⅞	12¾	12⅞	+⅛
51⅞	34	Salomn	0.64	1.4	11	1221	46¼	45¾	46⅛	-⅛
27¾	23¼	SnDgGE	1.48	6.0	13	283	25	24⅝	24⅝	-¼
5	3½	SantaFeEDir	0.40	8.2	48	10	4⅞	4⅞	4⅞	
11⅞	8⅞	SantaFeEnr	1.40	15.1	308	659	9⅛	9	9¼	+¼
40¾	35¾	SantaFePac	2.80	7.2	18	58	39	38	38⅝	+⅞
22½	12¾	SanFeP	0.10	0.4	9	8177	u23½	23⅛	23⅜	+⅝
91⅛	21	SaraLee	0.64	2.6	17	4350	25	24⅛	24⅞	
52¼	40⅛	Scana Corp	2.74	5.9	13	182	50⅛	49⅞	46⅞	-⅛
25¾	19⅞	Scecorp	1.42	7.0	13	3181	20½	20¼	20⅝	
39⅞	23⅞	SchererRP			30	741	37½	37¼	37⅝	
71	51¾	SchPl	1.80	2.6	16	3581	68⅞	68¼	69⅛	+½
68⅞	56¾	Schlmb	1.20	2.0	23	4517	58⅝	58½	59	+⅛
39⅞	16½	Schwab(C)	0.20	0.6	15	3029	31⅛	30⅝	31	-⅛
7¾	5⅝	Schwitzer			84	24	6⅝	6½	6⅝	+⅛
38⅞	17¾	SciAtl	0.12	0.4	50	1222	33⅞	33⅛	33½	+⅜
14⅞	9⅛	Scotman	0.10	0.7	19	81	14¼	14⅛	14¼	+⅛
47¼	37	ScottP	0.80	2.0	25	5361	41	40¼	41	+¾
28½	14¼	ScuddNAsF	0.27	1.0		610	28⅛	27	27⅞	+⅝
11⅛	7½	ScuddrNEuF	0.16	1.5		418	10⅞	10⅝	10¾	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Price data supplied by Telekurs

NASDAQ NATIONAL MARKET

4 pm close January 4

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AMEX COMPOSITE PRICES

4 pm close January 4

AMERICA

Dow edges higher as bond prices rebound

Wall Street

A rebound in bond prices helped to lift US stocks modestly higher yesterday morning, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 10.98 ahead at 3,767.58, while the more broadly based Standard & Poor's 500 was just 0.59 higher at 466.03. In the secondary markets, the American SE composite was down 0.44 at 476.80, and the Nasdaq composite was 3.07 stronger at 773.98.

Mexico pared its losses at midday after a fall of over 50 points in mid-morning, under pressure from profit-taking sparked by an armed uprising in the southern, Chiapas state.

The IPC index recovered to register a fall of 38.63, or 1.5 per cent, at 2,463.6. Local and foreign investors were gambling that the Chiapas situation would soon be resolved.

Volume on the NYSE was moderate, with 182m shares traded by 1 pm. Advances led declines by 1,121 to 897.

With no first-tier economic reports scheduled for release, stocks had some leeway ahead of Friday's important data on December employment. The Labor Department's report, if it comes in at the high end of expectations, could exacerbate the rekindled fear of inflation in the fixed-income markets and trigger a fresh round of selling. Stocks would be likely to suffer as a result. For the time being, however, bond traders were happy to prop up prices of longer-dated securities after a week of sharp declines.

After a weak opening, equities responded in kind, steadily gaining ground as the morning progressed. Among the blue chips, Caterpillar climbed $1⅝ to $91, Eastman Kodak advanced $1½ to $46⅛ and Disney added $1 to $44, while Allied Signal dropped $1⅜ to $76⅝.

Automobile stocks were buoyant ahead of the afternoon release of the final 10-day car sales figures for 1993, expected to have climbed to an annual rate of 7.4m units. Chrysler was $2 higher at $55¼ on early news of a 21 per cent sales rise for the year. General Motors was up $1¼ at $56½ and Ford $⅝ at $64.

With the Johnson Redbook weekly sales report due out later in the session, retailing stocks were active. Sears snapped back from a big loss the previous session, gaining $1⅛ to $52¾. Wal-Mart edged $⅛ higher to $25⅞, Kmart added $¼ to $21⅜, and JC Penney $¾ to $51⅞. Woolworth slid $1⅛ to $24⅞.

Del Webb, a Phoenix-based property developer, was marked up $1⅛ to $16⅞ after posting a 52 per cent surge in orders for the three months to December 31.

On the Nasdaq, technology stocks bounced back from Monday's bout of profit-taking. Apple Computer advanced $1⅛ to $31, Intel $1⅞ to $63¼ and Oracle $1½ to $30.

MCI Communications shed $1½ to $27 on the announcement that the company and its partners would invest more than $20bn to create a transcontinental information superhighway.

Canada

Toronto moved higher in brisk dealings, as the precious metals index caught up with the world gold price rally.

The TSE 300 index was up 38.09 by 4,359.52 at noon after hitting an earlier high of 4,360.40. Volume was was a heavy 30.82m shares.

The precious metals sector rose 632.94, or 5.9 per cent to 11,327.30.

EUROPE

Consolidation rules in Frankfurt, Paris

Construction stocks starred in Frankfurt and Paris, *writes Our Markets Staff.*

In both, there were signs that analysts were exploring stocks and sectors which had lagged behind the general advance in 1993.

PARIS consolidated, the the CAC-40 index closing 16.22 lower at 2274.34. Turnover rose from FFr3.26bn to FFr4.5bn.

Eurotunnel extended its recent strength, gaining FFr1.10 to FFr55.50. Construction stocks were led higher by Bouygues, up FFr22 to FFr714 and expected to gain this year from the government's building-related growth initiatives.

Financials fell, afraid that Monday's bank rate cuts would slim lending margins, and insurers were down on worries about the impact of recent storms in France. Improving underperformers included Accor, up another FFr5 at FFr627, and LVMH, FFr31 better at FFr3,829.

FRANKFURT mixed a continued penchant for construction stocks with general profit-taking. The Dax index fell 14.40 to 2,253.58 on the session and, Ibis-indicated, by 3.73 more to 2,249.85 in the post bourse.

In construction stocks, recommended after they lagged behind the market last year, Hochtief rose another DM33 to DM1,233 and Holzmann by DM30 to DM1,075.

Elswhere, Metallgesellschaft was nervous ahead of today's meeting with its banks, falling DM11.50 to DM267.50 on the session, and another DM7.50 to DM260 in the afternoon.

MADRID saw real fear in the banking sector in the wake of the Bank of Spain's intervention in Banesto. Banco Central Hispano was badly shaken by rumours that it would pass its final dividend and although it said it expected pay an unchanged dividend,the shares fell Pta180 to Pta3,200.

The general index fell 2.55 to 324.61. Volume in BCH was heavy, with 611,000 shares traded. With its parent still suspended, Banesto's industrial holding company, Corporacion Banesto, lost Pta150 to Pta1,750.

ZURICH consolidated, but a 3.6 rise to 2,999.8 was sufficient to keep the SMI index at a record high.

Cyclicals, strong on Monday, ended mostly lower. Brown Boveri eased SFr2 to SFr1,114 and Alusuisse registered fell SFr8 to SFr656. However, Sulzer registered added SFr24 to SFr880.

Among insurers, Zurich registered rose SFr15 to SFr1,548.

AMSTERDAM ended mixed, holding up in spite of weaker overseas markets and bonds. The AEX, which surged 6.1 on Monday, closed up 0.52 at a record 420.89.

Philips topped the volume charts after breaking chart resistance at Fl 40.00 on Monday, posting a 20 cent gain to Fl 41.50.

Elsevier added Fl 3.20 to Fl 188.20 after a US magazine said that Paramount, in the past, had tried to buy a stake in the publisher. Hoogovens continued to rise in response to a cautiously positive new year address by its chairman, picking up Fl 1.60 to Fl 51.90.

MILAN was easier on profit-taking after the last month's gains amid some uncertainty over the outcome of a parliamentary confidence vote on January 12. The Comit index fell 4.19 to 620.32, the mood soured by political in-fighting over the date of the general election.

Blue chips were broadly lower, with trading again dominated by Montedison in turnover of 32m shares, three times as high as for any other stock.

The price dipped L24 to L930 after the cumulative rise of more than 25 per cent over the last two weeks.

Nordic bourses had a buoyant day, with particular strong performances from **HELSINKI** and **OSLO**, up by 4.1 and 2.1 per cent respectively. Finnish equities were lifted by funds previously invested in fixed interest instruments, while Norwegian stocks were lifted by higher North Sea oil prices, and a stronger dollar.

VIENNA detached from Frankfurt for the day and hit its highest point since June, 1991, the ATX index climbing 13.14 to 1,162.7.

ISTANBUL reached its fourth consecutive record high, the composite index ending provisionally at 22,394, up 605.9 or 2.8 per cent from Monday, its previous all-time high, following tax changes in the money market.

WARSAW slowed down, but the WIG index rose 300, or 2.3 per cent to 13,345 on buying from small investors. Traders said that the very active turnover of 2,100bn zlotys might be a sign that big investors were stepping up selling.

LISBON burst into action after a quiet period, the BTA index jumping by 65.4, or 2.5 per cent to 2,685.3. The ship repairer, Lisnave, soared by Es85, or 6.7 per cent to Es1,265 after an announcement in the bourse's official bulletin said that its main shareholder, Mr Jose Manuel de Mello, would buy up any shares left over from an Es6bn rights issue.

Written and edited by William Cochrane and Michael Morgan.

FT-SE Actuaries Share Indices

Jan 4 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1478.59	1479.92	1481.69	1479.55	1479.07	1478.04	1479.13	1479.29
FT-SE Eurotrack 200	1547.18	1546.26	1545.42	1544.03	1544.38	1543.05	1544.26	1545.77

	Dec. 31	Dec. 30	Dec. 29	Dec. 24	Dec. 23
FT-SE Eurotrack 100	1473.36	1475.84	1466.20	1459.40	1459.50
FT-SE Eurotrack 200	1546.84	1547.84	1552.09	1535.05	1532.40

Base value 1000 (26/10/90); High/day: 100 - 1481.88; 200 - 1547.97 Low/day: 100 - 1477.87 200 - 1542.90

ASIA PACIFIC

Nikkei dips as nine records are set in region

Tokyo

Arbitrage selling of Nikkei 225 futures depressed the Nikkei average on the first trading day of 1994, but traders still looked for a stronger year for the Tokyo stock market as the Topix index of all first section stocks closed higher, *writes Emiko Terazono in Tokyo.*

The Nikkei finished the half-day session down 47.50 at 17,369.74 after a low of 17,242.32 and a high of 17,424.84. The Topix index was finally 6.66 up at 1,445.97 and, in London, the ISE/Nikkei 50 index ended 0.92 firmer at 1,197.45.

Volume totalled 110m shares, against 121m during the half-day session last Thursday. Rises led falls by 529 to 357, with 179 issues unchanged.

A decline in Chicago futures on Monday dragged down the Osaka market, prompting arbitrage unwinding. However, a weakening of the yen triggered buying of export-oriented high-technology stocks.

The yen closed at Y113.27 against the dollar, deteriorating from the Y113 level for the first time since April 16 on favourable US economic figures. Mr Keith Donaldson, a strategist at Salomon Brothers, said the sharp fall in the yen was good news for companies since it could improve the outlook for earnings.

However, for the short term, most analysts expect share prices to remain in a narrow band until the political reform bill is passed through parliament, and details of a new fiscal package are announced at the end of this month.

Electronics companies gained ground on the weaker yen. Sony rose Y110 to Y5,620 and NEC advanced Y19 to Y874. Automakers were also stronger, with Toyota Motor up Y30 to Y1,810 and Honda Motor adding Y50 at Y1,570.

Reports that Suzuki Motor is planning to share common car parts with Daihatsu Motor pushed the former forward Y60 to Y1,110.

Nippon Telegraph and Telephone rose Y6,000 to Y750,000. Reports over the weekend that the company may spin off one of its business divisions supported investor interest. KDD, the international telecoms group, put on Y300 at Y11,300.

A rise in gold prices supported mining stocks. Sumitomo Metal Mining advanced Y49 to Y919 and Dowa Mining gained Y17 at Y485.

In Osaka, the OSE average rose 49.39 to 19,271.11 in volume of 7.1m shares.

Roundup

The region remained in record *breaking form, with new highs* set in nine centres, including Bangkok. Taiwan and New Zealand were closed.

HONG KONG remained at a peak in heavy turnover, with foreign and local investors encouraged by further strength in the property market, although a sharp early advance stalled in the face of afternoon profit-taking. The Hang Seng index ended 114.60, or 0.9 per cent, higher at 12,201.09, well below the intraday high of 12,599.23.

SINGAPORE shrugged off strong profit-taking and the Straits Times Industrial index added 30.37 at a new record closing high of 2,471.90, having peaked at 2,482.32.

MANILA remained at a peak, taking its lead from the record setting performance of Philip*pine National Bank. The com*posite index rose 36.86, or 1.1 per cent, to 3,308.37. A 50-peso rise to 720 pesos by PNB was attributed to a pick-up in demand by foreign investors.

AUSTRALIA saw profit-taking among some leading shares balanced by strong support for the resource sector, which left the All Ordinaries index 0.7 firmer at another six-year peak of 2,174.3.

JAKARTA closed higher in an upbeat mood, driven mainly by local investors. The official index rose 10.29 to 599.94 as the market awaited the budget for fiscal 1994-95 due tomorrow.

KUALA LUMPUR rebounded in the afternoon as investors returned to the market and the composite index climbed 24.50 to a peak 1,313.35.

KARACHI registered a *record daily advance to close* at a new high on heavy institutional buying and opening of fresh accounts by investors. The KSE-100 index rose 75.84, or 3.5 per cent, to 2,253.95.

BOMBAY registered sharp gains but blue chips fell below the day's best on profit-taking towards the end. The BSE 30-share index closed 14.06 ahead at a peak 3,479.92, having touched the 3,542 mark at mid-session.

SOUTH AFRICA

Gold shares surged by 8.2 per cent in Johannesburg as the bullion price hit a five-month high, and renewed confidence spilled over into selected industrials.

***The golds index closed** 177* **stronger at 2,331, industrials rose 121 to 5,717 and the overall index climbed 179 to a closing peak of 5,088.**

● Zimbabwean stocks soared to new highs following Saturday's 17 per cent devaluation of the local dollar and renewed foreign investor interest. The industrial index added 83.94 at 2,440.95, its best level since 1991, and the mining index rose 23.30 to a record 566.04.

Bangkok's final quarter leaves observers cautious

William Barnes on the burgeoning Thai market

The explosion in the Bangkok stock market's fourth quarter continued over the Christmas and new year holidays, with the Stock Exchange of Thailand index surging through record highs for seven consecutive sessions to 1,753.73, up 70.88 or 4.21 per cent yesterday.

This has been a far cry from the mid-summer doldrums, when the index hovered weakly above the 800 level. Its final flourish incorporated the inevitable year-end window dressing, but most brokers seem to think that the weight of money available to the market is sufficient to carry equities past any minor short-term corrections.

However, some market watchers are becoming uncomfortable. Thai stocks have rocketed by more than 80 per cent since the beginning of October, following the sudden interest which North American fund managers took in the region.

New issues, notably in telecommunications, are improving the market's tone, but it remains relatively immature with a limited ability to absorb large amounts of cash.

Investors have put behind them last spring's corporate earnings disappointments, the new Securities and Exchange Commission's various attacks on share price rampers early last year, and mild unease at the traditional shenanigans in parliament.

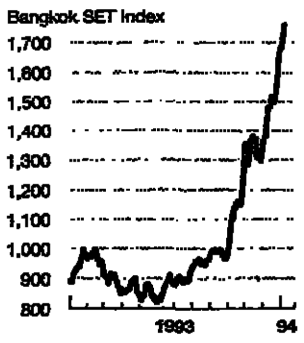
It is true that, for investors *jaded with economic perfor*mance or the lack of it in western countries, Thai growth in 1993 and 1994 approaching eight per cent is reassuring. However, if you anticipate earnings of 12-16 per cent for the rest of the decade than, by some estimates, Thai shares deserve to trade on a price-earnings ratio of 16-22 times. The market has been one or two points beyond this on 1993 earnings and stands at *around 20 times 1994 earnings.*

Technical indicators are signalling caution: previous runs like that of late 1993 have presaged a sharp downturn. Foreign investors will almost certainly decide if and when the legs are to be pulled from under this market, having pushed a net Bt15.8 billion into the market in July/September, 1993 and, probably, at least Bt40bn ($1.57bn) in the final quarter.

However, a burgeoning mutual fund industry is beginning to bring a stabilising influence into the market. Thailand's cash-rich middle classes receive scant returns for their savings from the local banking cartel, but they have become increasingly risk averse; the mutual fund industry took off in 1993 with at least $2 billion being raised *from local savers.*

Thailand

Bangkok SET Index



Source: FT Graphite

Mutual funds account for little more than three per cent of the market's capitalisation, but they will grow in importance. As one examlple of the domestic funds poised in the wings, professionals consider the implications of the impending liberalisation that will allow the setting up of private funds.

Total deposit bases in the local banks and finance houses amount to an estimated *Bt2,500bn. If just one per cent* of that finds its way into the stock market, that is Bt25bn of new money, roughly the same figure that produced the striking outperformance in the final quarter of 1993.

Thai companies have been quick capitalise upon the stock market's strength, with a flurry of Euroconvertible issues. The dearth of straight rights issues means that – remarkably, considering the bull run – less money will have been raised from the market than in 1992. This, of course, has also encouraged higher share prices in the short run.

Bangkok's banking, financial and property sectors are, arguably, fully priced by most ana*lytical measures. Aside from* the odd respected blue-chip, like the property developer, Land and Houses, and certain special situations, this leaves the industrial sector for current investment consideration.

Earnings here have been poor but are expected to improve: the problem is that so far there are only a relatively small number of companies in this area with a free-float of a decent size.

Mr Robert Zielinski, head of research at Jardine Fleming Thanakom Securities, reckons that the stock market is on the verge of refocusing its attention away from financial stocks to companies serving the real economy. "Liquidity-driven markets usually give *way to earnings driven mar*kets as the combination of low interest rates and the wealth effect of rising share prices lead to a pick up in demand," he says.

"The risk premium for investing in Thai shares is higher than for more mature markets," concludes Mr Zielinski, "but growth prospects are good and, in time, funds will flow to the companies working in the real economy."

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY JANUARY 3 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY DECEMBER 31 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	168.10	+0.7	168.34	119.43	151.62	163.51	+0.0	3.15	166.87	167.22	117.72	150.65	163.51	168.10	117.39	125.56
Austria (17)	187.37	+1.3	187.64	133.13	169.22	169.10	+1.5	0.94	184.98	185.37	130.50	167.00	166.54	187.88	131.16	132.97
Belgium (42)	162.87	+0.1	163.10	115.71	147.09	145.57	+0.4	3.95	162.65	162.99	114.73	146.84	145.01	166.01	131.19	131.19
Canada (107)	136.80	+0.7	136.99	97.18	123.53	130.19	+0.0	2.58	135.79	136.07	95.79	122.58	130.19	136.80	111.41	115.13
Denmark (32)	252.98	+2.3	253.33	173.73	228.47	233.40	+2.2	0.97	247.20	247.72	174.40	223.17	228.46	253.37	185.11	185.11
Finland (23)	123.99	+0.6	124.17	88.10	111.98	150.98	+0.8	0.69	123.20	123.45	86.92	111.22	149.73	128.99	65.50	68.88
France (99)	177.46	+0.9	177.71	126.07	160.26	164.48	+0.9	2.83	175.96	176.33	124.13	158.85	162.98	179.49	142.72	144.33
Germany (59)	140.55	+0.2	140.75	99.87	126.93	126.93	+0.3	1.63	140.24	140.54	98.96	126.61	126.61	142.38	101.59	102.20
Hong Kong (55)	500.99	+2.4	501.70	355.93	452.47	496.61	+2.3	2.20	489.31	490.33	345.19	441.77	485.45	500.99	218.82	218.82
Ireland (14)	185.15	+0.0	185.41	131.54	167.21	185.19	+0.0	3.06	185.21	185.60	130.66	167.21	185.19	185.21	129.28	139.28
Italy (69)	69.64	+1.5	69.74	49.48	62.89	88.64	+1.1	1.85	68.59	68.73	48.38	61.92	87.69	78.93	53.78	53.96
Japan (463)	129.22	–0.7	129.40	91.80	116.71	91.80	+0.0	0.89	130.13	130.40	91.80	117.50	91.80	165.91	100.75	104.50
Malaysia (89)	604.51	+2.2	605.37	429.47	545.93	621.04	+1.2	1.17	591.54	592.77	417.30	534.03	613.75	604.51	251.66	258.84
Mexico (19)	2386.18	–0.1	2389.55	1695.30	2154.99	8108.54	+0.0	0.61	2387.72	2392.70	1684.47	2155.64	8108.54	2387.72	1410.30	1647.91
Netherland (26)	200.40	+0.6	200.68	142.37	180.98	177.80	+0.7	2.98	199.11	199.52	140.46	179.76	176.60	202.48	150.39	150.66
New Zealand (14)	68.22	+0.5	68.31	48.47	61.61	64.46	+0.0	3.63	67.91	68.05	47.91	61.31	64.46	68.38	40.56	42.76
Norway (23)	180.78	+0.6	181.04	128.44	163.27	184.65	+0.7	1.38	179.64	180.01	126.73	162.18	183.38	185.10	137.71	136.82
Singapore (45)	372.98	+1.6	373.50	264.99	336.84	276.95	+1.6	1.49	367.53	368.30	259.29	331.80	272.51	372.98	207.04	212.10
South Africa (60)	268.43	+0.5	268.81	190.71	242.42	251.70	+0.5	2.22	267.15	267.70	188.46	241.17	250.49	268.43	144.72	144.88
Spain (42)	140.89	+1.1	141.09	100.10	127.24	152.54	+1.1	3.92	139.35	139.64	98.31	125.80	150.88	145.24	115.23	115.23
Sweden (36)	198.72	+1.2	199.00	141.19	179.47	245.72	+1.4	1.42	196.37	196.78	138.54	177.29	242.31	208.92	149.70	165.90
Switzerland (49)	162.46	+1.4	162.69	115.43	146.74	149.33	+1.3	1.45	160.14	160.48	112.98	144.60	147.44	165.86	108.91	112.71
United Kingdom (215)	205.19	+0.1	205.48	145.76	185.29	205.47	+0.0	3.49	205.05	205.48	144.64	185.10	205.47	209.10	162.00	172.16
USA (517)	189.40	–0.3	189.66	134.57	171.05	189.40	–0.3	2.75	189.91	190.30	133.98	171.46	189.91	191.68	175.36	177.91
Europe (746)	170.49	+0.5	170.73	121.13	153.97	165.91	+0.5	2.73	169.57	169.93	119.63	153.10	165.06	172.29	133.92	134.98
Nordic (114)	192.02	+1.4	192.29	136.43	173.42	204.88	+1.5	1.22	189.46	189.85	133.66	171.04	201.92	194.54	142.13	148.32
Pacific Basin (721)	144.74	–0.2	144.95	102.84	130.72	106.08	+0.3	1.16	145.06	145.37	102.34	130.97	105.79	168.80	105.89	109.15
Euro-Pacific (1467)	155.30	+0.1	155.52	110.33	140.26	128.94	+0.4	1.87	155.11	155.43	109.42	140.03	128.45	162.86	117.26	119.60
North America (624)	186.11	–0.2	186.37	132.24	168.11	185.32	–0.3	2.74	186.53	186.92	131.60	168.43	185.80	188.13	171.51	174.02
Europe Ex. UK (531)	148.68	+0.8	148.89	105.66	134.31	142.68	+0.8	2.24	147.43	147.74	104.03	133.13	141.48	150.04	112.61	112.96
Pacific Ex. Japan (252)	292.04	+1.8	292.45	207.52	263.77	270.78	+1.4	2.23	286.91	287.51	202.44	259.05	267.02	292.04	152.70	154.82
World Ex. US (1653)	157.57	+0.1	157.79	111.95	142.31	132.24	+0.4	1.86	157.34	157.67	111.01	142.06	131.76	162.88	118.51	120.66
World Ex. UK (1955)	163.57	+0.0	163.80	116.22	147.73	144.82	+0.1	2.06	163.60	163.94	115.42	147.71	144.82	168.66	134.22	135.89
World Ex. So. Af. (2110)	166.56	+0.0	166.79	118.35	150.43	149.21	+0.1	2.21	166.59	166.94	117.53	150.41	149.03	170.46	137.29	139.11
World Ex. Japan (1701)	188.61	+0.2	188.88	134.01	170.36	185.22	+0.2	2.66	188.18	188.56	132.77	169.92	184.91	189.49	157.47	158.57
The World Index (2170)	167.18	+0.0	167.42	118.78	151.00	150.03	+0.1	2.21	167.20	167.55	117.98	150.98	149.85	170.68	137.32	139.04

Constituent change with effect 5/1/94: Eastman Chemical (USA). Markets closed 3/1/94: Australia, Canada, Ireland, Japan, Mexico, New Zealand & United Kingdom.

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